

الجمهورية الجزائرية الديمقراطية الشعبية

Friday June 7 1996

Algeria	1.250	Denmark	1.250
Andorra	1.250	Egypt	1.250
Austria	1.250	Finland	1.250
Bahrain	1.250	France	1.250
Belgium	1.250	Germany	1.250
Canada	1.250	Greece	1.250
Czechia	1.250	Italy	1.250
Dominican	1.250	Japan	1.250
Spain	1.250	South Korea	1.250
Sweden	1.250	Taiwan	1.250
Switzerland	1.250	USA	1.250
UK	1.250	Zimbabwe	1.250

The Guardian

INTERNATIONAL
NEWSPAPER OF THE YEAR

Printed in London, Manchester, Frankfurt and Roubaix

48,573

Arts, books and culture

Michael Billington on a war of words

Charlie Watts on his other band

VIEW
by Simon on Jay McInerney

Can critics kill?

Stone age to jazz age

Plus: the anthems of Euro 96

Mortgages tumble to 31-year low

Clarke surprises City with rate cut

Larry Elliott, Richard Thomas and Teresa Hunter

MORTGAGE rates fell to their lowest level since the mid-Sixties yesterday after Chancellor Kenneth Clarke ambushed the City with the fourth cut in base rates in six months.

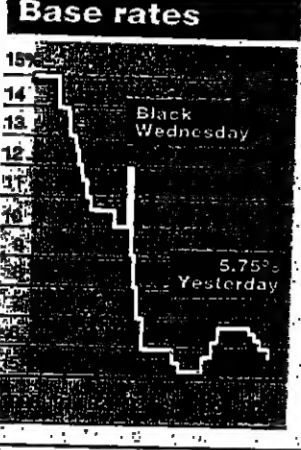
Despite Bank of England misgivings, Mr Clarke took advantage of the recession in manufacturing and the recent surge in the pound to trim borrowing costs by a quarter-point to 5.75 per cent. The City had expected rates to remain unchanged.

The Chancellor brushed aside allegations that he was trying to stoke up economic growth in the run-up to a general election, insisting that he was on course to hit the Government's 2.5 per cent inflation target.

Within hours of yesterday morning's move, Britain's biggest building society, the Halifax, dropped mortgage rates to below 7 per cent in an attempt to maintain the recent momentum in the housing market. Its main rival, the Abbey National, was forced to follow suit, despite originally arguing against a reduction.

The monthly cost of a typical £50,000 Halifax repayment loan will be cut by £7.44 as rates slide from 7.25 per cent to 6.99 per cent, their fourth fall this year and the lowest for 31 years, although base rates went as low as 5 per cent in 1994.

The new monthly cost of £265 will be less than half the 1990 peak, raising hopes among Conservative back-



Boom or bust?

Why it's doing well
Real incomes are rising
House prices are rising
Consumers are spending more
Unemployment is falling

Why it's doing badly
Manufacturing is in recession
Construction is in recession
Exports are struggling
Investment is poor

Morgan Grenfell said: "The cut may have been determined more by political considerations than economic judgment."

Alex Garrard, UK economist at Swiss investment bank UBS, said that with the Chancellor's ability to hand out large tax cuts in the Budget limited by the poor state of the Government's finances, he was being forced to rely on cheaper borrowing to boost disposable income.

Halifax general manager David Gilchrist said the society had cut rates with the housing market in mind. "Although house prices have risen recently, the numbers of transactions are still very weak, with those in the first three months of the year lower than last year, which we all know turned out to be very disappointing."

The Abbey National reduced its home loan costs by 0.25 per cent to 7.04 per cent for loans up to £80,000, while warning that it may not be sustained.

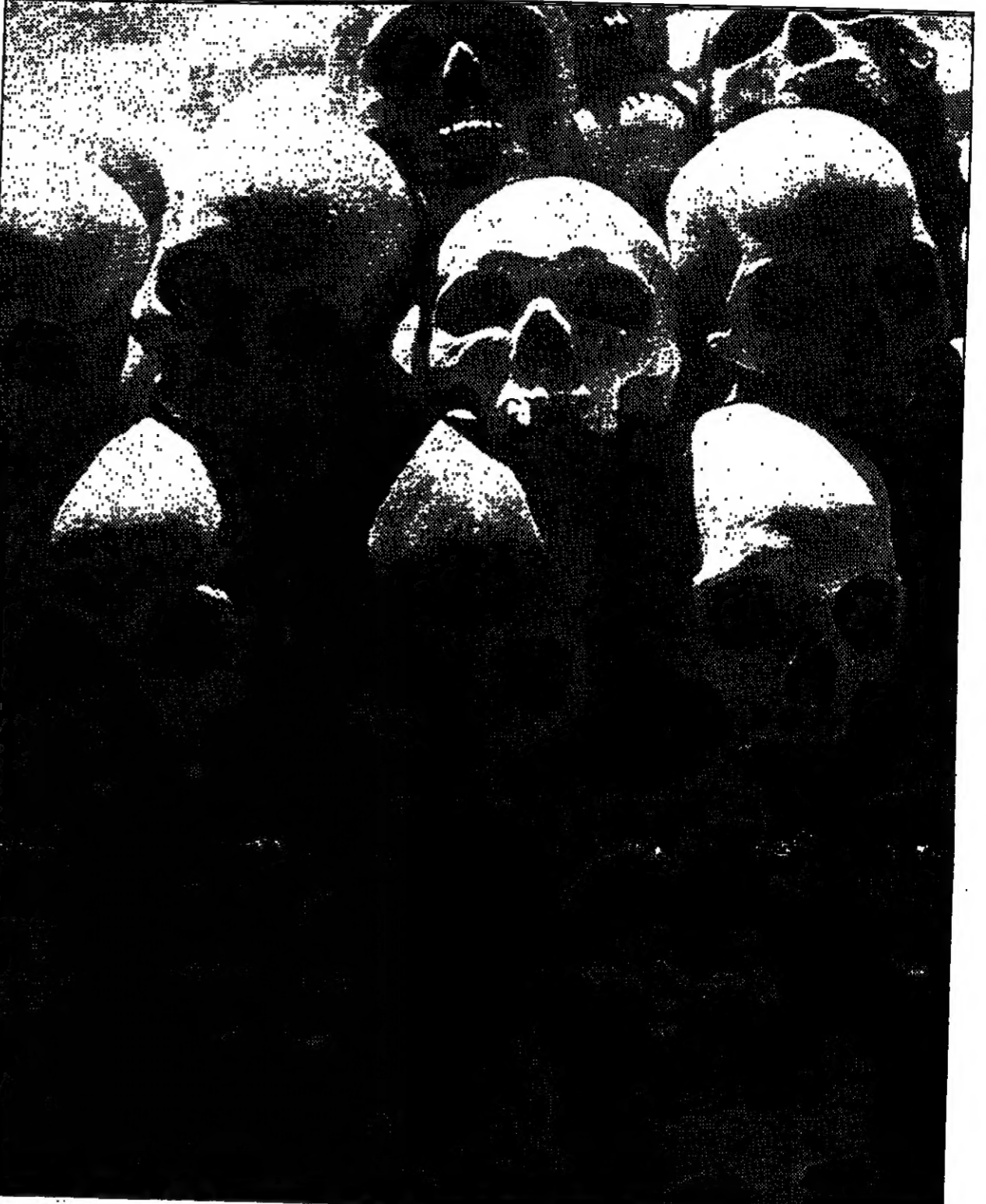
Mortgage rates at the Nationwide, Woolwich and Alliance & Leicester are under review, although the much smaller Northern Rock has followed the Halifax.

Abbey National chief economist Margaret Schwarz said: "We are concerned that if the markets view this as simple electioneering then interest rates will have to rise in the long term - not good for homebuyers in the end."

"We are very uncertain how long this cut can be sustained, and are also concerned about savers, who are already complaining about their low returns."

Economy does the splits and Notebook, page 11

Pol Pot, the master of Cambodia's killing fields, is reported dead



Victims of Pol Pot, who killed at least 1 million Cambodians and probably many more. PHOTOGRAPH: LEON SCHAEDEBERG

'This will end one of the most terrible tragedies of our history'

Nick Cumming-Bruce in Bangkok

POL POT, the ruthless guiding spirit in one of the century's most brutal regimes, is seriously ill and may already be dead according to reports from Cambodia's capital Phnom Penh, and the Thai-Cambodian border.

Pot, who came to personify a reign of terror that killed at least 1 million Cambodians and probably many more, suffered an attack of malaria and is dying, according to intelligence released yesterday by the Cambodian interior and defence ministries.

Although the government in Phnom Penh said it could not confirm reports of his death it would, if true, be good news for Cambodia. The head of state, King Norodom Sihanouk, predicted that the Khmer Rouge guerrilla movement might fragment, and said: "This will then be the end of one of the most terrible tragedies of our history."

The reports, based on accounts of government agents and villagers living near Khmer Rouge strongholds along the border with Thailand, echoed those from Beijing in recent days. But in a chance encounter with a Thai reporter working for the French news agency AFP near the border town of Aranyaprathet, a group of



Khmer Rouge guerrillas said yesterday that Pol Pot had died on Tuesday.

The group's leader, identified by the reporter as the deputy commander of the guerrillas' 390th division, said they were on their way to Pol Pot's funeral in the Khmer Rouge stronghold of Phnom Malai.

Even so, it could emerge that Pot, aged 68, is still in good health. The shadowy Khmer Rouge leader, who has haunted the Thai-Cambodian border for most of the past 18 years since he was driven out by Vietnamese troops, has been reported dead before.

Turn to page 2, column 8

Portillo mass band beats cavalry

Michael White

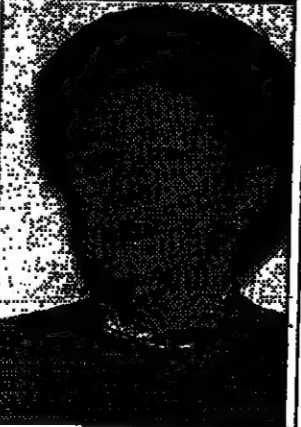
THE Defence Secretary, Michael Portillo, beat a tactical retreat in the face of allegations yesterday that a drinks party he held in his Whitehall office overlooking Horseguards Parade was so noisy that it drowned out the massed bands of the Household Cavalry. The party was so noisy that police were sent to request the revellers to be quieter.

At the time the bands were beating a retreat of their own, in one of the more magnificent spectacles on offer to London tourists in the summer months. Scotland Yard confirmed yesterday that several complaints over a "minor incident" had been received.

Whitehall sources were deployed to suggest that any idea that a few people having drinks could drown out massed bands is ludicrous. But Mr Portillo himself, whose love of parties is one of the ideological advantages he enjoys over John Redwood, did the decent thing. "If this party caused an odd distur-



Michael Portillo... cheers with apology



Princess Margaret... carried on saluting

dit make a phone call. We all quietened down."

Ministerial parties in the government offices overlooking Horseguards Parade are a tradition. Nonetheless, trained Portillo-watchers detected a pattern to the incident. Mr Portillo's 10th anniversary as Tory MP for Southgate in 1984 was marked by a constituency party at the Alexander Palace which also aroused controversy.

Despite his current vocal loyalty to John Major - definitely enough to drown out the bands of the Household Cavalry - Portillo loyalists believe some Tory MPs and ministers brief against their heir apparent. It seems scarcely credible.

Questions were asked during last night's RAF debate in the Commons with Labour's John Spellar denouncing "Hoorah Henrys" and Mavis Campbell, for the Liberal Democrats, making unkind comparisons with the England football team's flight home from Hong Kong. He called on Tory Venables to investigate. Mr Portillo's deputy, Nicholas Soames, maintained a stiff upper lip.

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The Guardian theObserver Premier Newspapers



Sketch

Out for the count in dragon's dungeon



Simon Hoggart

HOME OFFICE question time has become like some awful horror movie; not a Hammer film of the 60s...

ive, we might have been able to deal with matters more effectively. It is cold now, icy cold, and the snow is falling hard...



Brother Number One: Pol Pot in 1979, resting in jungle territory where Khmer Rouge forces were regrouping following Vietnam's invasion

Pol Pot 'dying or now dead'

continued from page 1 Sources in the Thai military, which supported the Khmer Rouge in the 1980s and after, said yesterday that Pol Pot was sick, but by no danger...

Potted history

MAY 19, 1928: Pol Pot was born Saloth Sar to modestly prosperous peasants.

his exams, he returns to Cambodia in 1963 and joins the Indochinese Communist Party.

JULY 1962: Pol Pot emerges as head of Cambodia's revolutionary party as the war in Vietnam escalates.

APRIL 17, 1975: After a five-year war, revolutionary forces sweep Pol Pot to power in Phnom Penh...

DECEMBER 1978: Vietnam invades Cambodia. Pol Pot flees to the Thai border where the Khmer Rouge regroup.

1 million Cambodians die of starvation and disease.

1985: Pol Pot 'retires', but remains the effective leader of the Khmer Rouge...

1982: The Khmer Rouge pull out of the UN-run peace process...

1985: Pol Pot 'retires', but remains the effective leader of the Khmer Rouge...

Mitchell peace role angers Unionists

Patrick Wintour and David Starrock

RESIDENT Clinton's aide, Senator George Mitchell, was handed a key role yesterday in next Monday's Northern Ireland peace talks...

had become embedded in the peace process. Mr Mitchell's key role as one of the chairmen, however, is vital to intensive arm-twisting of Sinn Fein by the Irish government...

with Sinn Fein excluded at the gates and Unionists kicking up over the presence of Mr Bruton and the role afforded to Mr Mitchell.

Sir Patrick Mayhew, the Northern Ireland Secretary, took a less sanguine view saying: "It is manifest that Sinn Fein have excluded themselves from these negotiations."

need him sitting there at all? The detailed package gives Senator Mitchell the role of chairing the opening plenary session as well as the crucial sub-committee responsible for overseeing the best means of handing over paramilitary weapons.

the first strand of talks on an initial settlement for Northern Ireland. Both governments will chair the third strand of talks on Dublin-London relations.

First night

Ashes to ashes, lust to lust...

Michael Billington

Habeas Corpus Donmar Warehouse SEX and death reverberate through Alan Bennett's joyous farce, Habeas Corpus...

rewritten in the manner of Orton or Wilde. The mechanism is deft and ingenious. But when Wickstead's neglected wife talks of "my body lying there night after night in the wasted moonlight..."

Oral sex added to HIV risk list

Tim Radford Science Editor

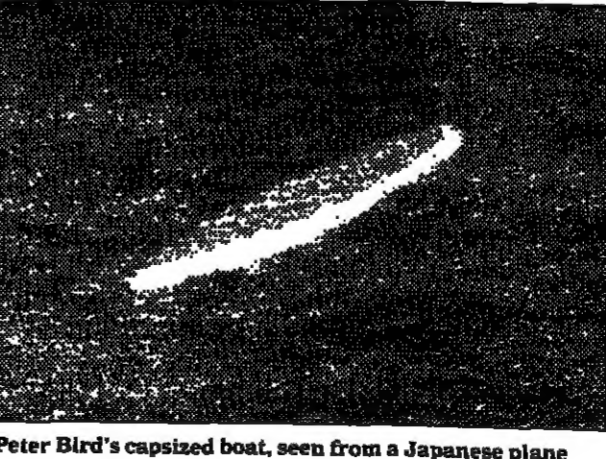
LEADING US Aids research centres warn today that oral sex could carry a much higher risk of HIV transmission than previously thought.

Ruprecht and colleagues placed various concentrations of HIV on the tongues of seven monkeys. Six became infected. Two have since died of Aids.

Logs blamed for solo rower's death

John Ezard

PETER Bird's odyssey - summed up in the title of his book Small Boat Against The Sea - have ended in the waters he traversed alone so passionately and so often for 22 years.



Peter Bird's capsized boat, seen from a Japanese plane

He set off from Vostochny, near Vladivostok, on March 28, expecting to take about 400 days. He was in his 29th, 232,000 custom-built cedar wood and glass fibre boat.

Wee rumpus rocks town

PROPERTY magnate Robert Bellhouse is causing a wee bit of bother in the Cotswold town of Tetbury, where the Prince of Wales has his country home.

preparing on with his application to Cotswold district council later this month. "I just think it will be a bit of fun and highlight the location of the toilets," he said.

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Radical v... Do... Regulator's plan angers... The whole history of violent hostility to be judged. Any composers, writers... duty to the wasp...

Handwritten note: JP 11/10/50



Susie Orbach: In January the Mail accused Princess Diana's then therapist of neglecting her own family, saying she neglected her aunt and uncle.



Patricia Hewitt: Allegations that she lied about her first marriage re-surfaced in the Daily Mail when she questioned the legal framework of marriage at a recent conference on fatherhood. She again won damages.



Lady Tessa Blackstone: The Daily Mail told the Opposition spokesperson on foreign affairs in the Lords they wanted to write a profile of her.



Liz Forgan: The Mail ran a series of pieces about Ms Forgan when she left Channel 4 to join the BBC. Some of them focused on her relationship with a married man.

Radical women hounded in 'private lives campaign'

Sally Waale and Sarah Roseley

A NUMBER of leading leftwing women last night accused the Daily Mail of delving into their private lives in an attempt to discredit them in the run-up to the general election. Their complaints follow an account by the journalist Polly Toynbee of repeated attempts by the Mail to solicit information about her private life from her friends, colleagues and family. As a result of Guardian inquiries yesterday, it emerged that at least six other women publicly identified with the left had received unwelcome attention from Daily Mail journalists in recent months. Anna Coots, deputy director of the Institute for Public Policy Research, accused the Mail of conducting a campaign against women on the left. "Clearly they want to demonise feminists or people they perceive as feminists who are close to the Labour Party or the left. There's no doubt about that," she said.



quite certain that they are out to get women on the left." The Daily Mail, which prides itself on its support for traditional family values, is apparently focusing on the women's marital situations, allegedly looking for any discrepancy between their public pronouncements and their personal circumstances. Ms Toynbee, a leading columnist and former BBC social affairs correspondent, said she had decided to go on the offensive in a front-page article in the Independent newspaper after neighbours, friends and colleagues were contacted by a Daily Mail journalist "digging for dirt". One neighbour was asked at what hours he had observed any men coming and going at her house. Ms Toynbee told the Guardian: "I was terrified. I had sleepless nights wondering what they were after. It was not until they'd rung all these neighbours that it suddenly dawned on me that I had to

hit back first. I thought: I actually don't have a secret. My life is very public." A Daily Mail spokesman said last night: "Ask David Mellor, John Major, Lord Mackay and Michael Grade whether the Mail is only critical of leftwing women. "The Mail attacks bumbag and hypocrisy wherever it finds it. Polly Toynbee is certainly guilty of both, but on this occasion no article was written, nor was there any plan to run one." Labour's shadow minister for women with special responsibility for family matters, Tessa Jowell, was among those allegedly targeted over the breakdown of her first marriage. Earlier this year her stepdaughter, Eleanor Meale, was contacted three times by a Mail journalist asking about her stepmother. "He said: 'Can I run a few things past you about your stepmother?' I said 'No. I don't speak about my stepmother', and put the phone

down. He called back again a couple of weeks later, and then again." Ms Mills said. Attempts were also made to speak to the father of Tessa Jowell's first husband, who is dead. Calls were also made to people she had worked alongside during her years at Camden Council. "We felt like we were under siege," said Ms Mills. "It was horribly intrusive on our family." Baroness Tessa Blackstone, Opposition spokeswoman on foreign affairs in the Lords and chair of the IPPF, also had unwelcome attention from the Mail. Earlier this year a journalist asked an intermediary whether she would agree to "have a profile done on her". "I said 'no'. They then rang my daughter and told her they were doing a profile and started asking her questions about my private life which she refused to answer. "They then sent somebody out to my mother's house in the country and she's over 80. As it happened she was not there, but they then went to her elderly neighbours. "They completely ignored what I had said was 'no'. And never did they tell my daughter that I had said 'no'."



Polly Toynbee... 'It dawned on me I had to hit back first'

Going public

Polly Toynbee: Alerted to Daily Mail investigation into her three-year relationship with a man who is separated from his wife, the Independent and former Guardian columnist took the offensive by writing about their tactics.

"I was terrified. I had sleepless nights wondering what they were after. It was not until they'd rung all these numbers that it suddenly dawned on me I had to hit back first. I thought, I actually don't have a secret. My life is very public. It may be that they want to misrepresent my situation in a malevolent light, but I don't have a secret."

Regulator's price cuts plan angers British Gas

Chris Barrie Business Correspondent

BRITISH GAS clashed angrily with the industry regulator Clare Spottiswoode yesterday over her proposals for fresh price controls that would cut £90 from the average domestic gas bill by the end of the decade. Accusing British Gas of peddling "an emotional rage" and "scare stories" about impairments to safety arising from her price controls, Ms Spottiswoode said that her plans to cut charges by £40 from next year, with further cuts thereafter, were justified by recent profits. Although her proposals were welcomed by consumer groups, Philip Rogerson, deputy chairman of British Gas, warned that price cuts on such a scale would lead to a further squeeze on costs, just when demands on the business were increasing two years before the introduction of competition in the domestic market. Claiming that profits would be "very badly squeezed" even if British Gas managed to cut costs as sharply as Ms Spottiswoode envisaged, Mr Rogerson said that the company would decide in August whether further job losses were needed on top of the 25,000 already made by the embattled group. The company would also go to the Monopolies and Mergers Commission unless she softened her proposals for price caps already announced on its TransCo pipeline and transportation business, he said. Under plans unveiled yesterday, British Gas Trading, which supplies 18 million



Clare Spottiswoode says profits justify controls

consumers, would have to cut the average domestic bill of £235 by £8 in 1997-98, with further cuts in prices in the following two years. Coupled with plans announced in May to cut TransCo prices, the average gas bill would fall by almost £40 that year. By tightening price controls on supply costs at British Gas Trading from the inflation rate less 4.5 per cent, Ms Spottiswoode intends to cut £60 from bills by the end of the decade. British Gas will respond formally on Friday to the TransCo proposals, and by the end of the month on yesterday's plans. Price cuts could have been £13 more next year had the director-general of gas supply insisted on BG charging the going rate for gas from its own Morecambe Bay offshore gas field. Under contracts signed in

the past, when gas prices were higher, BG's supply arm pays much more than today's price. But Ms Spottiswoode decided against measures to shield the consumer from these changes, deciding it was a "step too far". BG is also seeking to renegotiate costly gas supply contracts with other suppliers. Ms Spottiswoode said that she expected the group to pass those savings on to the consumer. The new price limits will apply to the company's four tariffs - DirectPay, OptionPay, Prepayment and Standard - and any other tariff launched before next April when the controls come into force. The company is free to launch uncontrolled tariffs after that date, but must continue to offer the four basic tariffs until March 2000 when the controls are due to end. Ofgas is also demanding that standards of service should stay at present levels, with increased compensation when these standards are not met. Ian Powe, director of the Gas Consumers' Council, described it as a "triumphant day for regulation and gas consumers". He said: "Ofgas's separate proposals, for TransCo and for British Gas Trading, can redress the balance of shareholder and consumer interest and reshape the market as an attractive place for British Gas and its rivals to compete with regulation taking a back seat." Labour's competition spokesman, Kim Howells, predicted that the cuts would be "very, very painful" for British Gas. John Redwood, the former Tory leadership challenger, said it was "excellent news" for consumers.

BT gives 'new boy' extra £42,500 for 90 day's work

Nicholas Bamister

SIR PETER Bonfield, British Telecom's new chief executive, has been awarded a £42,500 bonus after three months in the job. BT says boardroom bonuses are an appropriate reward for executives "who have achieved results against stretching targets". Sir Peter, the former chief executive of the ICL computer group, received a salary for his first three months of £118,000, plus benefits worth £4,500. A spokesman for the Communications Workers Union said it would take a BT engineer nearly 2 1/2 years to earn £42,500. "It's not a bad bonus for a new boy," he said. He pointed out that on an annual basis, Sir Peter's total pay package would be worth over £663,000, more than the £657,500 paid to the group's executive chairman, Sir Iain Vallance. He added that Sir Iain's pay was expected to fall by up to £300,000 next year after giving up the chief executive's role. "It would seem, therefore, that the chief executive's job is worth £200,000 a year yet the company is paying three times that amount." A BT spokeswoman said that Sir Iain's overall pay, which rose from £599,500 to £657,500, included a £162,000 bonus which would not be repeated next year since he would no longer be eligible for bonuses. BT workers are seeking a 6 per cent pay rise this year, following a similar rise last year.

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The whole history of the arts is filled with examples of violent hostility between critic and artist. No one likes to be judged. And, from time immemorial, painters, composers, writers and performers have reacted like fury to the wasp-stings of critics.

Michael Billington, Review cover story

سكرا من الالمان

London heat tops Nairobi

SUNSEEKERS needed to look no further than Britain yesterday as the country basked in sunshine and temperatures to rival those of Africa and the Mediterranean, writes Sue Quinn.

A top of 30C (86F) in London pipped temperatures in Naples and Nairobi. Highs of 25C were recorded in Birmingham, 20C in Manchester and 18C in Scotland.

"It was the hottest day so far this year, but it is nothing particularly unusual for the time of year," said a London Weather Centre spokesman.

"It just seems remarkable because it has come so quickly after a period of relatively cold weather. The rising mercury brought with it the predictable range of heat-related problems.

Poor air quality is predicted for the entire country today, and dangerously high levels of ozone and nitrogen dioxide are expected in some areas of London and the South.

There was also a fresh warning of possible sprinkler and hosepipe bans in parts of the country, with some water reservoirs in Yorkshire and the North West less than half full.



Sunbathers soaked up the rays in Soho Square, London, yesterday as temperatures rose to 30C (86F). Poor air quality is predicted for the entire country today

PHOTOGRAPH: KELLY CHRY

Prescott to launch plan for regions

Regeneration report is biggest pitch yet for Labour deputy leader

Patrick Wintour, Chief Political Correspondent

JOHN Prescott will next week make his biggest political pitch since becoming Labour deputy leader when he publishes a sweeping plan to regenerate Britain's declining regions.

The plan, the product of a report prepared by a team led by the former European Commissioner Bruce Millan, proposes to release 21.3 billion of cash by rescheduling local authority debt repayment. It also proposes new regional development agencies empowered to issue tax income bonds to improve funding for new business. Risk would be shared with the private sector.

Overall, the plan proposes that the £11 billion that the Government currently spends on the regions must be made democratically accountable and decentralised.

It also suggests that local authorities be empowered to take minority stakes in local companies.

There would be a minister for the regions at cabinet level. This could possibly suit Mr Prescott himself, since he has yet to be assigned a clear

role in any future Labour government. Mr Prescott's allies will in speeches next week also argue that a precondition for British membership of a single currency must be a strong regional policy for Britain, since otherwise the only areas to benefit would be the South-east and East Anglia.

The report has not been squared in advance with the shadow chancellor, Gordon Brown, but Mr Prescott will stress at its launch next week that its findings are independent of Labour and are not designed to increase government spending. However, it is known that Mr Prescott, an enthusiast for a stronger regional economic policy, supports the bulk of the proposals.

The importance of Labour's approach to the regions will be underlined in a speech next week to the CBI in Leeds by Dick Caborn, one of Mr Prescott's closest allies. He will argue that peripheral regions will lose from a single currency unless a Labour government runs a far stronger regional policy to resist centralisation of economic growth in Germany, France, and Northern Italy.

The chief theme of the report, compiled by regional

economists, will be that regional policy needs to improve local industrial competitiveness, rather than acting as a form of sticking-plaster social policy for deprived areas.

The report states that current regional policy is centralised, prescriptive, piecemeal, and inconsistent. It is dictated by remote ministers, or by appointees of local quangos, and pays scant regard to the relative needs of different regions.

Mr Millan will propose development agencies for every region of England. They will be responsible to the new, possibly-elected, regional chambers but be operationally separate, acting as their executive arm for economic development. The agency boards will be appointed by the chambers and include local authorities, businesses, bankers, and trade unionists. Central legislation would be passed for each agency, but each would choose the powers on which it wished to act.

Assisted area status should continue for areas of high unemployment, but status should take account of wider factors, including pending economic decline. Regional Selective Assistance, the main regional instrument of the Department of Trade and Industry, would be altered to include grants for product development, training and research.

Howard climbs down again

Alan Travis, Home Affairs Editor

THE threat of imminent High Court action last night forced Michael Howard to withdraw a restrictive regime introduced only four days ago for hundreds of thousands of applicants who want to stay temporarily in Britain.

The Home Secretary has had to climb down over six new compulsory immigration forms to be completed by all overseas students, husbands and wives applying to stay with their spouses, visiting business people, artists and writers and elderly and other dependent relatives applying to stay with their families.

More than 30,000 people have been asked to complete the forms since they were introduced last month. They became compulsory on Monday for all those seeking leave to remain or settle in the UK.

The threat of legal action was brought by immigration lawyers who believe the forms require the applicants to supply an extensive range of original documents, including for example grandparents' birth and marriage certificates. Failure to provide originals, not copies, of all the requested documents will automatically mean the application fails and the person may face deportation.

Labour's immigration spokesman Douglas Hogg said last night: "It is another humiliation for a home secretary who thinks he can trample over existing law without reference to Parliament."

The application for judicial review came from the Immigration Law Practitioners' Association, representing 650 lawyers, who claimed the application procedures amounted to "a draconian and absurd approach" which threatened to deprive thousands of people wanting to remain in Britain of their legal rights.

A High Court judge, Mr Justice Dyson, agreed and indicated he would have granted permission for the legal challenge to go ahead if the Home Secretary had not agreed to withdraw the forms.

The lawyers claimed the new forms meant that no application would be valid unless it was submitted on the correct compulsory form, and all the documents listed on the form were provided. The forms even ask for documents which go beyond those required by the immigration rules. Those seeking leave to stay on grounds they have British ancestors have to supply original birth and marriage certificates for their parents and grandparents, even though there is no requirement that they were married. The form gives no space to explain why a particular document is missing.

Laurie Fransman, ILPA co-founder, described the Home Secretary's decision as a huge climbdown: "We hope he will now abandon his flawed initiative entirely. That would be the proper, just and lawful course."

Tory concern at EU veto waiver

Stephen Bates in Brussels and Michael White

TORY Eurosceptics last night warned the Cabinet not to weaken its beef crisis campaign of non-cooperation with the European Union, after Malcolm Rifkind's overnight "gesture of goodwill" towards Italy.

On the third day of his charm offensive around EU capitals — partly charm and partly offensive — Labour MEPs complained — the Foreign Secretary claimed a potential "turning point" in getting the EU's export ban on British beef lifted — an upbeat tone echoed by John Major at question time.

He did so on the basis of Italy (which hosts the EU's six-monthly summit in Florence on June 21-22) agreeing to act as a bridge in seeking a

framework deal before then. In return he agreed not to use Britain's veto to block an association agreement with Slovenia next week.

It was the first waiver of the veto since the non-cooperation campaign began, and had been agreed in advance by key ministers — a move which both Tory loyalists and Eurosceptics said represented "out first blink" in the confrontation.

"We can just about sell a deal on Slovenia, but it's a dangerous game," said one loyalist minister — while ex-Chancellor Norman Lamont warned Mr Major against defeatism. Some reports claim Lady Thatcher wants him to stop paying Britain's EU contributions — an illegal move Mr Major rejected.

Yet EU foreign leaders continued to assert that the Government must do more to

reassure public opinion about the safety of beef.

Although the European Commission welcomed the concession on Slovenia as a first step in the right direction, both President Chirac and Chancellor Kohl repeated that conditions are not right to lift the ban.

Mr Chirac, who met Mr Rifkind and Douglas Hogg, the Agriculture Minister, in Paris, reportedly told them: "When in doubt, the most rigorous option should be chosen" to restore consumer confidence. German ministers say there is no question of lifting the ban there.

After the meeting and before going to Madrid, Mr Rifkind claimed: "There is a growing feeling throughout Europe that we may reach an accommodation on this matter, which could bring an end to the crisis. I would hope it is

a matter of weeks." But officials and diplomats in Brussels believe talk of a framework deal is wildly optimistic, given that it took nearly three months to lift the simpler byproducts ban. Diplomats scornfully dismiss any chance of an early deal — unless Mr Kohl is inclined to offer Mr Major a fudged form of words he can claim as a triumph.

If the ban stays, "a large black hole" will enter diplomatic diaries as the prolonged political holiday season starts in July. That would leave the prospect of Britain's non-cooperation policy still being in place in autumn.

Meanwhile, the European Parliament — supported by Labour MEPs and some Tories — yesterday voted heavily in favour of a motion calling on the Government to lift its non-cooperation policy.

Snail 'safe' as Costain wins Newbury contract

THE building firm Costain was yesterday awarded the contract for the controversial Newbury bypass — and its offices were promptly blockaded by environmental protesters.

John Watts, the roads minister, announced the decision in a parliamentary written answer, adding that measures would be taken to protect a rare snail that lives on part of the 0.5 mile route.

The Desmoulin's Whorl snail had threatened to stop construction because English Nature, the Government's wildlife agency, had advised that its habitat should be declared a special area for conservation.

Mr Watts said that advice would be taken on board and a large and viable overall population of the snail would be maintained. The conservation measures would include reducing the amount of land taken from the snail habitat, and the creation of a new, larger habitat.

The demonstration at the Costain offices in Maidenhead, Berkshire, involved 25 veterans of the protest earlier this year, which was Britain's largest anti-roads campaign and became a fight over civil rights as well as environmental issues.

For three months people living in trees on the route hindered the progress of tree-fellers. Protesters, many still living in trees around Newbury, have vowed to harass Costain. Some have bought



Newbury protesters... some now plan to take the battle to Costain's annual meeting

PHOTOGRAPH: HOWARD J. DAVIES

shares in the company and plan to disrupt its annual meeting.

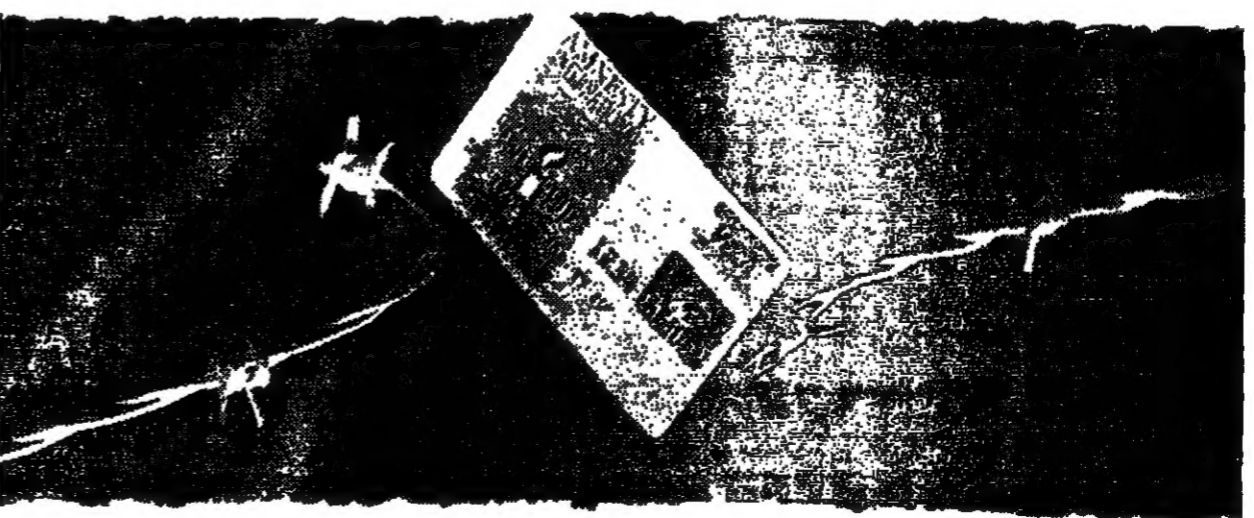
Friends of the Earth condemned the decision to award the building contract and said it was preparing a legal challenge, including an injunction to stop all work.

Charles Secrett, executive director, said: "The decision to continue building this road despite acknowledging the area's importance for wildlife is destructive and shortsighted. We will use every

lawful method we can to make the Government fulfil its obligations under European law."

The £74 million contract is seen by many as a poisoned chalice because of the bad publicity and expense caused by protesters. The chairman of Farmac, which built the M3 Twyford Down extension, said last month that he did not want the Newbury contract without a guarantee it would conform to higher environmental standards.

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Education Secretary plans to reform teacher training • Move to link income to A levels • Nurseries cash warning



Responding to criticism... Education Secretary Gillian Shephard. PHOTOGRAPH: MARTIN ARGLES

Shephard comes out fighting against whispering campaign

John Carvel
Education Editor

GILLIAN Shephard yesterday fought back against a whispering campaign from Conservative Central Office to undermine her tenure as Education Secretary, promising a radical reform of teacher training to stamp out liberal methods.

"In September I will bring forward the most thorough reform of teacher training. Nobody should underestimate the degree of about-turn that is going to be required to achieve such a change," she said.

Mrs Shephard's call for a "prescriptive" approach left little doubt that she is working towards the imposition of a national curriculum for initial teacher training and in-service retraining to eradicate the child-centred philosophy favoured in the 1960s.

Other measures to please the right include a white paper later this month allowing unilaterally to select enough pupils to make up a "grammar school" stream, and legislation in the autumn to toughen discipline.

Her move came after persistent rumblings of cabinet disagreement over education. She said she spoke yesterday to Brian Mawhinney, the Conservative chairman, about "curious" reports that he was eager for a ministerial reshuffle to bring a right-winger into the education department to stiffen her resolve and remedy failure to put Labour on the defensive. Details of the conversation

were not disclosed. Mrs Shephard has also been fighting a rear-guard action to restrain the Prime Minister's eagerness for selective education, and to limit the Deputy Prime Minister's passion for a voucher system to introduce competition between schools and colleges in 16-plus education.

She was appointed to the job nearly two years ago to restore calm by adopting consensual policies after the ideological excesses of her predecessor, John Patten. She has had difficulty keeping pace with subsequent pressure from Downing Street to adopt a more aggressive approach and open up clear blue water between Conservatives and Labour.

The price she is paying for that was demonstrated in a leading article in the Daily

Telegraph yesterday accusing her of seeming "incapable of escaping the narrow vision that she honed when chairman of the Norfolk education committee". Mr Major told last year's Tory party conference not to "mess with Gill", but now "he'd better mess with her as quickly as possible", the paper said.

Her full programme of teacher training reform cannot be put in place before the election, but Mrs Shephard said the literacy and numeracy centres which she is setting up to give remedial training for teachers would begin the process of instilling classroom methods approved by the Office for Standards in Education, Ofsted.

She announced a £165,000 grant for Barking and Dagenham education authority in east London to extend a back-

to-basics mathematics project to all its primary schools. "It is not a return to the past... It is whole-class teaching, but done in a participative way," she said. Lessons from the experiment would be spread through the numeracy centres and Ofsted.

Mrs Shephard's effort to demonstrate busy radicalism came in a briefing for journalists arranged on Wednesday evening before the latest burst of press criticism, but possibly after she got wind of it.

She said her white paper later this month proposes more self-government for state schools, easier ways for schools to become more selective if their governors wish to do so, more freedom for grant-maintained schools, and further development of specialist schools and colleges.

Exam results plan for school funding

John Carvel
and Donald MacLeod

STATE secondary schools will depend for part of their income on the exam performance of their sixth formers, according to proposals to be published next week by Michael Heseltine, the Deputy Prime Minister.

His competitiveness white paper will include measures to create a "fairer" contest between schools, sixth form colleges and further education colleges, which together

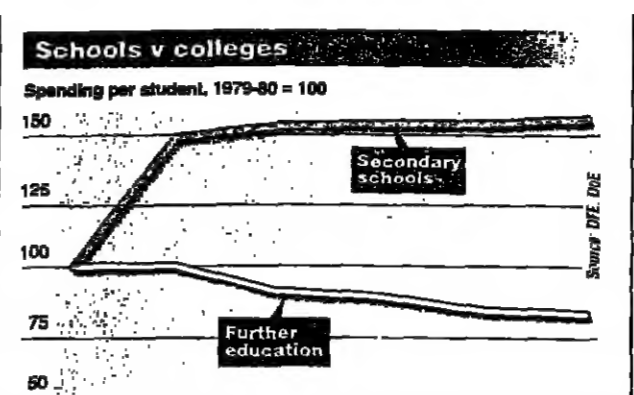
spend about £3 billion a year on post-GCSE courses for a million pupils aged 16 to 18.

The move is expected to pave the way for a Conservative manifesto pledge to provide education vouchers for this age group to create a fully competitive market in courses for A level and General National Vocational Qualifications.

Gillian Shephard, the Education and Employment Secretary, said yesterday the white paper would not mention vouchers, and denied reports of a rift with Mr Heseltine. The document would aim "to achieve a level playing field" between different sorts of educational establishments to increase young people's ability to choose.

Further educational colleges already rely for about 10 per cent of their funding on the performance of their students. "We are concerned to explore the implications of that kind of discipline for the normal school sixth form," Mrs Shephard said.

Schools get more funding per pupil than colleges, and might be expected to suffer from moves to create fairer competition between the sectors. Mrs Shephard said, however, that the Government



tion. When Training and Enterprise Councils tried training credits, it was clear that the money got tied up in bureaucracy and the advantage to students was not there."

Independent schools gave a cautious welcome. Vivian Anthony, secretary of the Headmasters and Headmistresses Conference, said: "We believe we educate children in our day-school sixth forms just about as cheaply as anywhere else. If a voucher scheme is introduced it might make our sixth forms more accessible to a wider range of pupils - perhaps with a top-up paid by the parents - which we would strongly support. Many schools have charitable schemes which could help with the top-up."

Bryan Davies, Labour's further education spokesman, said vouchers would spell chaos in 16-19 education. "There is already a ruthlessly competitive marketplace and this will only make things worse. It is not about choice for students, it is simply right-wing dogma."

The cost of up to £335 million would have to be met by cutting existing spending, forcing school sixth forms and colleges to close.

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Nursery voucher scheme cash plea

Donald MacLeod
Education Correspondent

THE government's nursery voucher scheme will not provide extra pre-school places unless it injects capital to help new playgroups and nurseries get started, the chief executive of the Pre-School Learning Alliance said yesterday.

Margaret Lochrie, whose alliance represents 20,000 playgroups, said in a statement that the scheme has positive features and the vouchers were welcomed by parents of four-year-olds and were not just "middle class bonanzas".

But she accused schools of putting unfair pressure on parents to send their children to reception classes early, now that the £1,100 vouchers



Playgroups for 3-year-olds: threatened by market forces

had created a market for four-year-olds. This was threatening the viability of playgroups, and three-year-olds attending them would lose out, she said.

Her statement will bring limited comfort to Gillian Shephard, the embattled Education and Employment Secretary, who she called on to limit damaging competition between schools, local authority nurseries and volunteer playgroups already evident in the four pilot areas - Norfolk, Kensington and Chelsea, Wandsworth and Westminster.

In Norfolk, 39 schools were changing their admissions policies to take four-year-olds. The result would be more in reception classes of 30 or more, receiving inappropriate education. Parents were coming under pressure from schools to send their children early or lose the chance of a place.

Parents on low incomes welcomed the vouchers because they could afford five sessions a week instead of two

or three, an alliance survey of members in the pilot authorities found.

But playgroups were facing closure because schools now wanted to take their four-year-olds but there were still areas with no pre-school provision, said Mrs Lochrie.

"We believe a fundamentally positive initiative is being undermined by the lack of sufficient resources and competition which is likely to flow from complete reliance on market mechanisms."

Abolishing vouchers would be a retrograde step if playgroups went back to having little or no funding, she said.

Meanwhile, at Woodside in Norfolk, a playgroup has been told to quit its premises in the local primary school after 10 years because the school wants to open a nursery class for four-year-olds.

Birmingham is first university to charge students fees

Donald MacLeod

BIRMINGHAM University will in 1997 become the first university to charge students fees, in a move that will lead to British higher education being split into a two-tier system.

The university made the announcement at a meeting of the Russell group of vice-chancellors from 29 universities. Its lead is certain to be followed by other institutions concerned that government funding cuts are costing them their international competitive edge.

After repeated threats since the November Budget, the announcement by Sir Michael Thompson, Birmingham's vice-chancellor, at their regular confidential meeting at the Russell Hotel in Bloomsbury, London, marked a turning point, breaching the principle of free higher education and throwing down a challenge to the Government.

He said Birmingham would

charge new students £700 top-up fees from 1997. It would include this levy in its financial plan for 1997, which is submitted to the Higher Education Funding Council for England.

Universities are legally entitled to charge fees, although Gillian Shephard, the Education and Employment Secretary, has made it clear she is opposed.

The London School of Economics, whose director John Ashworth is a longstanding advocate of fees, attempted to introduce them three years ago but academic staff voted against the move.

A similar attempt by University College London was thrown out, but most vice-chancellors now see fees as inevitable.

The Committee of Vice-Chancellors and Principals, representing 104 universities, threatened to introduce a £300 levy for new students when the Budget cut capital funding by 30 per cent. Mrs Shephard responded by setting up an inquiry headed by Sir

Ron Dearing into higher education funding.

Yesterday the committee published evidence that four out of five science and engineering departments were unable to carry out critical experiments for lack of funds for equipment. A fifth of research equipment in British universities was more than 15 years old, and 10 per cent in poor working condition. Universities are concerned that multinational companies are relocating their joint projects with universities outside Britain.

Finally, the communications director said: 'Sir, the shuttle has exploded.' After a while, President Reagan said: 'Is that the one the schoolteacher was on?'

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Hague tribunal steps up pressure as I-For moves to curb Karadzic

War crimes court urges sanctions against Serbs

Julian Borger in Sarajevo

THE Hague tribunal yesterday stepped up its campaign for the arrest of Balkan war crimes suspects when its president, Antonio Cassese, said he would call for renewed international sanctions against the Serbs for failing to co-operate with the United Nations court.

Mr Cassese said the call would be addressed to Carle Bildt, the international community's High Representative in charge of the civilian implementation of the Bosnian peace accord. It would be made at an international conference on Bosnia next Thursday in Florence.

"In Florence, I will request that Bildt trigger sanctions against Republika Srpska," Mr Cassese said in Sarajevo. Republika Srpska is the half of Bosnia controlled by Serb separatists. Asked if he would also call for sanctions on rump Yugoslavia (Serbia and Montenegro) — the Bosnian Serbs' patrons — Mr Cassese replied: "Yes, probably, why not?" Under the peace accord, sanctions can be reimposed within five days of Mr Bildt's recommendation. The peace implementation force (I-For) commander, Admiral Leigh-Smith, also has the power

Goldstone attacks Nato inaction

THE failure of Nato-led forces to arrest individuals indicted for war crimes could be fatal to the credibility of the United Nations tribunal for the former Yugoslavia, Justice Richard Goldstone, the chief prosecutor, warned last night, writes Richard Norton-Taylor.

It was hardly surprising, he said, that not one suspected war criminal had been detained of more than 50, given the limited mandate of the I-For peace implementation force. It empowered the force "to arrest those indicted per-

sons whom they come across in the ordinary course of their duties". "Imagine a serial rapist wanted for trial in England being informed that, because he is a dangerous killer, the police will not seek him out but will wait until they come across him... Yet that is the policy which is now in operation in respect of the individuals wanted by the international community for the worst crimes known to mankind," Judge Goldstone said in the annual lecture of the David Davies Memorial Institute in London.

I-For is mandated to arrest war crimes suspects if it "comes across them". By making such encounters more likely, it is hoped the employment will diminish Mr Karadzic's room for manoeuvre. "An increased I-For presence will help establish a greater sense of security among the people of Bosnia, and, in turn, more physical control will make it harder for indicted war criminals to freely travel throughout the country and disrupt the peace process," Captain Mark van Dyke, an I-For spokesman in Sarajevo, said.

Mr Cassese's call is part of an aggressive drive by Hague tribunal to put pressure on Belgrade and shame the international community into a more vigorous pursuit of Serb separatist leaders.

The main I-For troop contributors — the United States, Britain and France — have so far refused to allow the force to pursue Mr Karadzic or the Bosnian Serb military commander, General Ratko Mladic, who has also been indicted twice. Their view has been that such arrests would unleash a Serb backlash (possibly a guerrilla campaign) against I-For and toughen Bosnian Serb resistance to the reintegration of Bosnia.

Mr Bildt and the Hague tribunal argue that the presence in Bosnia of Mr Karadzic and Gen Mladic "pollutes" the political atmosphere in the run-up to elections, through their attempts to stop freedom of movement across ethnic boundaries, and their influence on the Serb media. The planned increase of patrols in Pale and elsewhere in Serb territory looks like a compromise. Nato will help sideline Mr Karadzic by preventing his movement in the hope that that will reduce the political pressure for his arrest.

Roll out the big guns, G2 page 7



A rescue worker inspects the wreckage of the helicopter at the crash site south of Dortmund. PHOTOGRAPH: FRANZ PETER

13 die in German helicopter crash

A GERMAN military helicopter plunged into woodland near Dortmund yesterday killing thirteen people.

Six of the passengers were young people aged between 19 and 21 who were attending a youth festival. They had won the helicopter flight in a prize draw.

There was one survivor, a passenger who jumped on to a motorway, sustaining serious injuries, as the helicopter was about to crash, a defence ministry spokesman said. Police said the survivor's life was no longer in danger.

Both crew members of the Bell UH-1D helicopter, aged 36 and 38, were killed. The other passengers were

a nurse and members of two television camera teams.

The helicopter had taken off from Dortmund's Westfalenhalle sports and exhibition complex. Unconfirmed radio reports said the pilot tried to land on the motorway, then aimed at a clearing in the wood before his rotor blades snagged in

the trees and brought the helicopter down.

"This is one of the worst accidents in the history of the German armed forces," the defence minister, Volker Rühle, said after inspecting the crash site. He ordered an inquiry into the causes of the disaster. State prosecutors also began investigations. — Reuter.

Vitriolic Yavlinsky goes it alone

David Hearst in Moscow

G RIGORY YAVLINSKY, the young, vituperative liberal economist who has been courted by the Kremlin and the Communists, yesterday rejected any idea of a pact with either side in an attempt to present himself as Russia's only democratic alternative ahead of the presidential election on June 16.

Mr Yavlinsky denounced President Boris Yeltsin's government as "oligarchic, monopolistic, corrupted, criminalised and weak but said that under no conditions would he take part in a government formed by the Communist challenger, Gennady Zyuganov.

In two meetings with Mr Yeltsin, Mr Yavlinsky urged him to dismiss four ministers, including defence minister, General Pavel Grachev. All remain in place and Mr Yavlinsky said yesterday that negotiations had ended.

Mr Yavlinsky predicted that one of the other leaders of the so-called third force of political centrists, the retired

general Alexander Lebed, could well join Mr Yeltsin's camp. This would drive the final nail into the coffin of any possible centrist alliance.

Mr Yavlinsky's harshest words were reserved for the president. He characterised Mr Yeltsin's five-year tenure of office as "the bloodiest regime since the end of the last world war". The lives lost when tanks fired on the Russian parliament in October 1993 and the 30,000 deaths in Chechnya would be followed by the death of "millions" if Mr Yeltsin continued down the path of "senseless nationalism", warned Mr Yavlinsky.

Dismissing Mr Yeltsin's peace initiative in Chechnya as a Byzantine bluff, Mr Yavlinsky said the Russian president was trying with three scenarios simultaneously: a pact with the democratic opposition; a pact with the Communists; and postponement or cancellation of elections altogether.

"All three scenarios are still on the table, and they are still being worked on. I don't have any doubt that the decla-

rations of Yeltsin's close advisers about postponing or cancelling the elections were done with his agreement," Mr Yavlinsky said.

He maintained that most Russians want neither a second term of Mr Yeltsin nor a return of the Communists, and claimed that every vote for him would be a vote against the "dark forces" that both men represent.

Meanwhile, Mr Zyuganov, who has been received well on the final leg of a Siberian tour, also fired up his campaign rhetoric by suggesting his supporters could take to the streets if he prevented from winning "if 50 or 40 million people vote for us they may go out to the streets the next day to say: 'We have voted and demand that our will is carried out.'" he said in Krasnoyarsk.

Mr Zyuganov has already called on supporters to flood Russia's polling stations to stop what he claimed would be widespread attempts at falsification. The Kremlin has blasted back, saying the Communists will attempt to disrupt the polling, and thou-

sands of troops have already been deployed in Moscow.

Meanwhile, in the north Caucasian republic of Ingushetia, talks between Russia and the Chechen rebels continued for a second day in an effort to enforce a ceasefire.

But the chief Chechen delegate, Said-Khasan Abumuslimov, said on Wednesday that he felt an "increasing certainty" that the talks were little more than a campaign tool for Mr Yeltsin. And the rebels' information minister, Movladi Udugov, commented: "Either we sign an agreement or we can say that Yeltsin's peace initiative failed."

The peace initiative was due to start last Saturday but fighting has continued. Three Russian servicemen were wounded in rebel attacks overnight.

The Russian military command yesterday accused the Chechens of planning attacks in other areas of southern Russia to disrupt the election. If the peace talks fail, several leading Chechen field commanders have hinted they are prepared to resume attacks on Russia.

World news in brief

Family leaves besieged Montana ranch

Martin Walker in Washington

THE first break in the 74-day siege of a Montana ranch where an anti-government group has been holed up came last night, when a family of four, including two children, gave themselves up. They were questioned at

the regional FBI headquarters in Jordan, Montana, about the situation at the ranch, where at least 17 members of the Freemen, a right-wing militia movement, remain.

The FBI has handled the siege with kid gloves, fearing a right-wing political backlash similar to the one which followed the federal assault on

the Branch Davidian cult in Waco, Texas in 1993. It began tightening the pressure at the weekend, cutting off the ranch's electricity and sealing it off from the media.

The Freemen claim to be political opponents of the federal government. They have issued their own credit notes and bonds, provoking fraud charges against them.

Commissioner calls for EU crackdown on trade in women

AP in Brussels

THE European Union's top justice official urged EU countries yesterday to crack down on international trafficking of women forced into prostitution.

The EU Justice Commissioner, Anita Gradin, said governments could track down smugglers more aggressively, enforce stricter controls on visas and international trafficking of women forced into prostitution.

"The European Union must put this issue on its agenda," she said. Officials estimate that 500,000 prostitutes are living illegally in the EU after being smuggled by international traders and organised crime syndicates.

Ms Gradin said the women came mainly from Asia, Africa and Latin America, but increasingly from eastern Europe. Criminal groups, already steeped in drugs and weapons trafficking, were taking advantage of an abundant supply of east European women, dreaming of a richer life in the West.

When they arrived, their passports were often taken away and they were forced into prostitution to pay off inflated debts for food, accommodation and travel.

The gangsters knew that cases were often hard to prove and convictions carried light sentences. Ms Gradin said that in her native Sweden, traffickers of human beings were often jailed for one to two years and drug traders for up to 12.

Ms Gradin also called for tougher witness-protection programmes that would encourage women to testify against traffickers. The European Commission planned to consider legislation on the matter after a meeting of experts next week in Vienna, she said.

Juppé to boost female deputies

THE French constitution may be modified to compel parties to increase women's representation, the prime minister, Alain Juppé, said yesterday, Alex Duval Smith in Paris writes.

In response to a call from 10 women politicians Mr Juppé said he was in favour of a law requiring a third of candidates on parties' lists to be women.

The prime minister, who sacked eight women in his first reshuffle last year, said the constitutional change would be put to a referendum if all parties agreed. If it was rejected, he would consider reducing public funding for parties in which women were ill-represented.

There are 32 women at the National Assembly — five times fewer than in Sweden, which tops the European Union list of women's parliamentary representation.

Burmese junta bans meetings

Burma's military regime yesterday escalated a confrontation with the pro-democracy leader, Aung San Suu Kyi, prohibiting weekend meetings outside her house that have become a rallying point for dissent.

Opposition sources said 144 of the 282 people rounded up by the junta to try to prevent a pro-democracy congress had been freed. — AP.

EU-Slovenia pact

Slovenia's acting foreign minister, Zoran Thaler, yesterday welcomed the European Union's decision to sign an association agreement with Ljubljana next week, the first exception to Britain's current policy of non-cooperation with the EU. — Reuter.

Angola visit off

South Africa's President Nelson Mandela yesterday indefinitely postponed next week's state visit to Luanda because

New Arafat baby

The Palestinian leader, Yasser Arafat, and his wife Soha are expecting another baby, friends said yesterday. — AP.

Scharping injured

The parliamentary chairman of Germany's opposition Social Democrats, Rudolf Scharping, was yesterday in intensive care with concussion and head wounds after a bicycle accident. — AP.

Zambia criticised

Britain is reviewing its £20 million aid programme to Zambia to show its concern at "undemocratic trends" there, the overseas development minister, Lynda Chalker, said. She expressed concern about a constitutional amendment banning former President Kenneth Kaunda from contesting elections. — AP.

Abiola reward

The Nigerian military government offered a £20,000 reward yesterday for information leading to the arrest of the killers of the wife of the imprisoned opposition leader, Moshood Abiola. — AP.

Chernobyl threat

Ukraine may reconsider its pledge to close the Chernobyl nuclear power plant, after talks with Western countries made little progress on financing the shutdown, the country's top negotiator said yesterday. — Reuter.

It's not just mad cows and Englishmen who blow off chauvinistic steam over national icons. Civil war and revolutions have been fertile breeding ground for most of Europe's national anthems.

Review page 10

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Other Worlds

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Arab leaders put faith in summitry

Solidarity, if they can achieve it, would show they have something to offer in the Netanyahu era, writes David Hirst in Beirut

ARAB summitry is back in fashion. On Monday the Egyptian president, Hosni Mubarak, met Syria's Hafez al-Assad, last great opponent of a peace treaty with Israel. On Wednesday he met King Hussein and the Palestine Liberation Organisation chairman, Yasser Arafat, recent recruits to the peace camp. Today Mr Assad and Crown Prince Abdullah of Saudi Arabia. His Damascus appointment is the most important because in an apparent change of the planned Jeddah venue, Saudi Arabia, a key United States ally, is going out of its way to show solidarity with Syria.

because Saudi Arabia, Egypt and Syria can do more to shape the Arab condition than any other combination of Arab states; and because they hope to make their meeting the gateway for a much broader Arab summit, even a plenary one of the kind not held since Baghdad, 1990. The victory of Benjamin Netanyahu in Israel's general election has provoked the Assad Arab consultation. His triumph was not as great as the Israeli elections of May 1977, when, with Menachem Begin at the helm, the Israeli right took power for the first time since Israel came into being. But the right's latest victory is at least as great a shock.

The Saudi newspaper, al-Sharq al-Awsat summed up the dominant Arab reaction: "With these elections, the Israelis have said 'no' to peace — even to a peace top-sided in their favour." For Arabs almost everywhere, the resurgence of the Israeli right makes a mockery of the philosophy which, at US urging, has underlain the Arab approach to the peace process: offer concessions to the Israelis in the hope of securing them in return. The reward of Arab moderation, or submissiveness as Hamas, Hizbollah — and many others — see it, turns out to be greater Israeli extremism. Though their tone is plumb, Arab governments are careful

not to echo too loudly what they know their people think. Mr Assad says "things are not going in a positive direction". Mr Mubarak that they "do not inspire confidence". Only King Hussein manages optimism: everything, he says, is still on course for a "comprehensive peace". In reality, only Mr Assad has the right to a grim satisfaction: he always said that for each Arab country to go its own way would ultimately be the undoing of them all, that, however selfishly one might profit from the peace process at another's expense, they would pay for its eventual collapse. It would be very embarrassing for Arab governments, even for Mr Assad, to pronounce the peace process dead or even dying, because the logic of concluding that one's adversary does not want peace is to invoke a military

alternative. But they do not have the means or will, even collectively let alone individually, to make or threaten war, or even to suggest that it is time to start preparing for one. Yet they know that they cannot go on making concessions either, just to keep the peace process alive. That is what the resurgent right requires of them, what Mr Netanyahu spelled out in his electoral programme. After Begin, they did have concessions to offer. President Sadat

made his separate peace; King Hussein and Mr Arafat eventually did likewise. They — or their regimes — all survived. It would be unwise to say that they have given their all. Mr Arafat, for one, always finds something extra. But he is being called upon to engage in "final-status" negotiations with a "partner" who says he won't even shake hands with him, and to negotiate issues, such as Jerusalem, which the "partner" says are non-negotiable. Mr Assad is expected to re-engage with an adversary who says he will never give up the only thing Mr Assad wants: the Golan.

Somehow, therefore, the Arabs have to draw a line, to get Mr Netanyahu to understand that it is not enough to say he wants peace. He must also prove it by going back on an extremist conception of it that makes it impossible. The only way they can think of is that old, intuitive stand-by — Arab summitry. Mr Assad is the most fervent advocate of a pan-Arab strategy; Arab "solidarity" was always a cardinal tenet of his. His newspapers warn that continued Arab disarray will lead to "a real catastrophe for the whole Arab nation". The most that any Arab summit could do, in present circumstances, is to send a message to the US. Its essence would be that the peace process is in dire peril and the consequences of its collapse would be as disastrous for the US as for themselves. They would send this message in the conviction that they now occupy the moral high ground, that it should be plain to all — even to the US — that Israel, not they, is the real enemy of peace.

The trouble is that the mere convening of such a conference would be a miracle. Since the Gulf war, and the ostracism of Iraq, the Arabs have fallen into such disarray that even paltry displays of solidarity are beyond them. Mr Assad says that, in the absence of a full summit, he would go for one "front-line" Arab states. And yet, according to the Jordanians, he would attend that only if King Hussein and Mr Arafat first admitted the error of their ways. The danger of calling for Arab summits which cannot be held is that this sends the opposite message from that which is intended. It in-crases, not reduces, Arab disarray. That is why, even as he works for a summit, Mr Mubarak has been so cautious about his chances of actually getting one.

The trouble is the convening of such a summit would be a miracle in itself

Cry for help by Iranian thinker



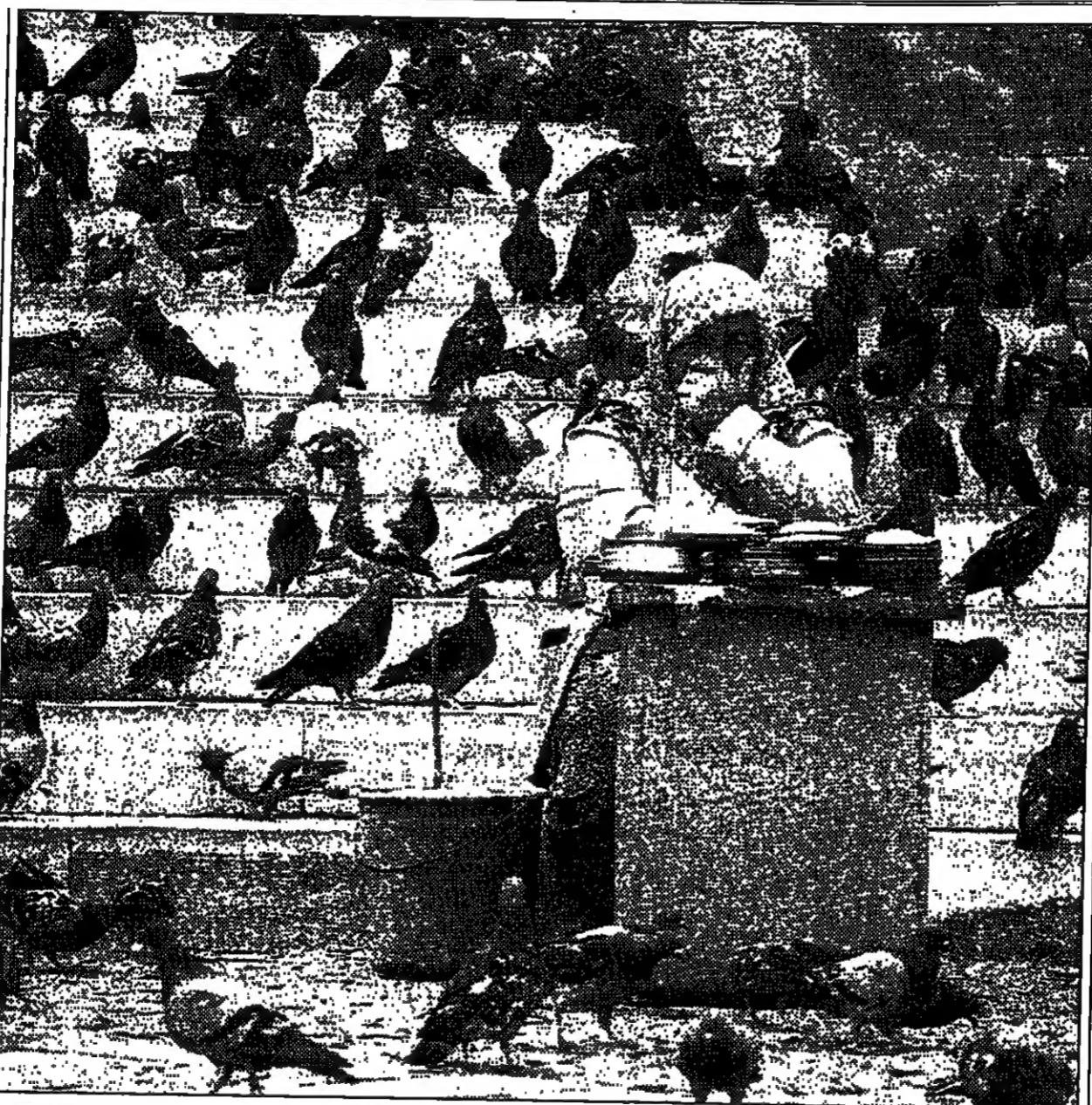
Other worlds

to my life. Every time I have to pass through a picket line, comprising motorcyclists and pedestrians, who block my entry to the university by shouting obscenities. They seem very determined to initiate violence. I have had to arrive at the university much earlier than the time of my scheduled lecture and often in secret. On a number of occasions I have had to abandon a lecture and leave my terrified students in the middle of the classroom. Sometimes, the lecture is cancelled as I am unable to enter the university.

University officials have tried hard to resolve the problem but they have failed because the assassins enjoy the overt and covert support of various authorities, including the office of the *vall-ye faqih* [Ayatollah Khamenei]. Mr President My question, which is in no way aimed at breaking the law or making trouble or creating mischief, to you, who have spoken many times of the sanctity and safety of those who live by the pen, is: How long will the academics in this country be the victims of the unethical behaviour and law-breaking of irresponsible groups and remain silent; sit in a corner and listen to abuse and insults; leave their own and their families' safety and security taken away; and see that those who undermine security are free, and those who deserve security are deprived of it?

Mr President: How can I tell my students that there is hope for the future? How can I lecture them on the importance of free research, on being courageous in their thinking and on the existence of an open social climate for the growth of talents when I see that even talking about any of these subjects is now a deadly sin, for which I am being punished by the pressure groups and the phillistines mob...? Above all, how can we bear witness to the fact that all these acts of bigotry, treachery, inquisition and imposition of ideas are carried out in the name of the most beloved religion...? I have now come to you to seek justice, not only for myself but also because of the injustices against the reputation and excellence of this powerful culture and the betrayal of people's cultural awareness; [and] because of the crooked foundation on which scientific-human relations are being built.

Mr President: I am now mourning a university in which a group is celebrating the death of science and the birth of barbarism... This is not only my tale, this is the tale of the country's culture and hope.



Pigeon post... A woman sells birdseed in Eminoniu Square in Istanbul, where 1,000 people rallied, against the backdrop of the UN conference on human settlements under way in the city, for more justice in housing

Gazans have faith in Bibi's real face

Many Palestinians believe Israel's PM-elect will soften his tough rhetoric. Jessica Berry in Gaza reports

HASSAN ASFOUR, the chief Palestinian peace negotiator, was earnestly discussing a possible change in tack after Israel's change of leadership when there was a buzz at the door. In came a junior official carrying a black plastic box from which he drew a gleaming automatic. "This" cried a delighted Mr Asfour, brandishing the weapon, "will be our new strategy".

Aside from such black humour, Gazan Palestinians have reacted to the sudden rise to power of the prime minister-elect, Benjamin "Bibi" Netanyahu, with curious equanimity. Mr Netanyahu is blunt and tough, they say — a point reinforced on Wednesday when the Palestinian president, Yasser Arafat, talked of a free Palestinian state with its capital in east Jerusalem, and Israel's new leader responded: "Never."

But many Gazan Palestinians seem to think that dealing with someone this straightforward could be less confusing than dealings with the outgoing prime minister, Shimon Peres. Seated at his large desk in Gaza, the justice minister, Freih Abu Medein, delivered the briefest of valdicatories to Mr Peres: "That chicken man", he laughed.

Things could not get much worse for Gazans. Unemployment is high and living conditions are basic. For three years, the Israeli government has prevented tens of thousands of Gazans from getting to their work in Israel. Youths have little to do in what they call their "big prison" but stroll along the pavements or fly kites. One shop owner, Mahmoud, complained that he used to make about £1,000 a day. Now he makes £10, and has a family of 10 to feed. Enter Bibi. It is still not known how — indeed whether — he will continue the peace process. But at least he is different — frank, Mr Abu Medein welcomed his election. "The new government is easy. It is black and white, not rainbow colour," he said. Mr Peres offered only "words, words, words", Salah Tamarie, a council member, added. One Islamic member of the Palestinian self-rule council, Sheikh Wajih, said Mr Netanyahu — unlike his predecessor — "will be tough at first, just to satisfy his own voters, but he won't show his real face". The real face, he said, is more moderate: bit by bit, he will weaken. Pressure from the United States, Europe, and a strong Israeli opposition will, he believes, prevent Mr Netanyahu's excesses. A belief that the West will always help out in times of trouble is a Palestinian trait — but it flies in the face of a reality in which the US gives Israel more than \$3 billion (£2 billion) a year. But Sheikh Wajih's attitude is widespread. Ziad Abu Amr, a former negotiator in Israeli-Palestinian peace talks, was typically upbeat. Palestinians have no reason to fear, he said, because Mr Netanyahu was too ambitious to risk falling out of favour with the West too early. "Netanyahu is brilliant and pragmatic. If he wants to continue in his position he will have to change... He will not want to be held responsible for a deteriorating Middle East," Mr Abu Amr said. The Islamist group Hamas, however, panned scorn on his reasoning. Mahmoud Zahar, spokesman for the political wing of the group, which was responsible for the recent wave of suicide bombings, warned of a renewed armed struggle. After the last suicide attack in March outside a Tel Aviv shopping mall, Western leaders rushed to Mr Peres's aid, he said. They convened a peace summit to combat terrorism in Sharm el-Sheikh. Where was that summit, he asked, when the Israeli air force massacred some 100 Lebanese civilians in a United Nations refugee camp in south Lebanon? "There is no difference between Peres and Netanyahu," Dr Zahar said. "They are two ugly sides of the same coin."

TO the honourable president of the Islamic Republic of Iran:

No doubt you are aware that for nearly a year now I have been the target of sensation, violence and destructive intimidation by certain pressure groups and their affiliated press. In addition, the information ministry, by resorting to threats, by setting limits and by serving repeated summonses, pushed me into a corner, violated my rights as a human being, and gave a free hand to my enemies.

The threats of violence against me have intensified to such a degree that I am no longer invited to give lectures. All doors are closing in my face.

At the start of the current academic year, I was given only one subject to teach in Tehran University, which I have had to abandon on several occasions. I am supposed to teach philosophy and social science to the postgraduate in this university... However, every time I set off for the Faculty of Social Science, I have to face serious threats

Turkish government collapses

Chris Nuttall in Ankara

TURKEY'S coalition government broke up yesterday after only three months in office, raising the possibility of an administration led, for the first time, by a radical Islamist. Necmettin Erbakan, head of the Welfare Party, is to meet the president this morning to discuss the chances of forming a new coalition. His pro-Islamic party is the largest group in parliament, having narrowly won the election in December.

It was excluded from power by a minority coalition of the two centre-right parties, Motherland and True Path, forced together by a secular establishment fearful that Islamic policies would shake the foundations of the republic. But a personal vendetta between the prime minister, Mesut Yilmaz of Motherland, and the True Path leader,

Tansu Ciller, has sunk the government. Mrs Ciller withdrew her party from the coalition two weeks ago and the prime minister resigned yesterday to pre-empt certain defeat in a censure motion put forward by Welfare.

The coalition fell apart over corruption inquiries instigated by Welfare against Mrs Ciller. Mr Yilmaz's MPs backed Welfare on the issue. Mrs Ciller accused Mr Yilmaz of betrayal and called him a "sleazeball". But her abandonment of the coalition was seen as a possible move to strike an alliance with Welfare and then a deal for it to drop the investigations.

That option faded on Wednesday when Welfare won a vote for a third inquiry, into how Mrs Ciller amassed a million pounds fortune. True Path meanwhile failed to vote for an inquiry into Mr Erbakan's considerable assets. Mrs Ciller will be the second visitor to the presi-

dent's residence today, followed by the leaders of two leftwing parties. President Demirel said the Turkish people should not worry: Mr Yilmaz would preside over a caretaker administration and it should be possible to form modern Turkey's 5th government out of the present parliament in the next 45 days.

That would mean a government of national consensus involving all the parties, or Welfare with one of the centre-right parties. Otherwise, Mr Yilmaz said, "an early election is an option". Welfare would benefit most from new polls. In local elections last Sunday, it polled more votes than the two centre-right parties combined. They have lost support since

December because of the corruption allegations and their infighting, which paralysed the government.

Mr Erbakan has said Welfare is only days from power. He told a rally last week he would let civil servants attend Friday prayers and lift the ban on Muslim headscarves in educational institutions.

He has worried Western governments with his strident Islamism. He vehemently opposes Turkey's recent military co-operation accord with Israel, and wants to renegotiate a customs union with the European Union and has vowed to eject American, British and French air crews operating an air umbrella from southern Turkey to protect the Kurds of northern Iraq.

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Information

Monday

June 7 1996

Diary
Matthew Norman

A CURIOUS conflict of interests plagues Tom Nice-But-Dim Sackville, the junior Home Office minister. The West London Synagogue, where Hugo Gryn is Rabbi, wants to dig up his cemetery in Dalston, East London, to a housing developer — a plan which, since it means the digging up and burial of corpses, horrifies many families involved. Nonetheless, the Home Office has approved the sale of part of the land (initially it gave permission for the entire cemetery to be turned into flats, but English Heritage stopped that), so 51 bodies will have to be moved. What Tom Sackville may, or may not, have mentioned to his boss, my snuffy friend Michael Howard, is that among them is his wife's great grandfather, Isaac Lyon Goldsmid — the founder of London University and the first Jew to be knighted. Since Tom isn't returning calls, we simply don't know. Mrs Sackville isn't saying much either — a nervy "I'm not interested in being involved in that" was all she could manage, so it would be wrong to speculate about her feelings. As for Michael — himself brought up in a Jewish faith which values respect for the dead — how he sanctioned such a thing is a third mystery. Yet another of those colds, perhaps? Many more, and Norris McWhirter will start to take an interest.

MEANWHILE, another planning-permission controversy pokes its tongue at party boy Polly Portillo. His constituency association in Enfield Southgate is selling its HQ, a large Edwardian house, to McDonald's — something that offends those members who suffer what is known in the burger world as a "Hampstead syndrome". The novel result is that one lot of Enfield Tories are begging the Labour council to block the decision taken by another lot of Enfield Tories. "Polly would love to get involved," says someone pretending to be sources close to the Defence Secretary. "But he's not allowed out until he's got the last of Wednesday night's vomit stains out of the carpet."

A BLOW to Mr Tony Blair, the son of a Von Trapp of British paternity, comes in this week's Spectator. Describing his night-time activities, sane and rational Paul Johnson — Mr Blair's leading groupie — writes: "On Sunday night, I dreamed the general election returned a Labour majority of 213." What the point to this recollection was, I cannot say (as Matthew Parris brilliantly observed, Paul's ailure is such that one seldom fails to begin an article), but the form book suggests it is a boost for John Major. Paul's coarser as a soothsayer includes the 1983 prediction that Britain would avoid a sexual revolution; the 1988 guarantee that the Paris student uprising would radically alter western society; and the prophecy that Colin Powell would win the presidency, made on the very day the General retired from the contest.

By a nice piece of symmetry, we take our leave of Major, Major today at the exact point that the Diary first met. Major-Bail a year ago; he has been mysteriously followed home from the New Zealand gnome conference by a gnome with a hedgehog suggestively attached to its groin (or "the rude hedgehog gnome", as Terry styles it). "Shirley has taken to him quite well, considering his strange posture and his relationship with the hedgehog," he writes. "It is nice, all these years after the collapse of Major's Garden Ornaments, to have a gnome at home again." And upon that upbeat note, the book concludes and we say our farewells.

A BURGLARY trial in Fayetteville, north Carolina, collapsed this week when juror Melien Benedict told the court that it was quite unnecessary for him to hear so much as a single word of evidence. "In my professional opinion, the two defendants are guilty," said Mr Benedict, and on learning that he is a professional psychic, the judge declared a mistrial.



Who would a quota hopper be?

Commentary
Peter Preston

THE dish of the day is fish. And Mr Tim Renton, I guess, would like it served plain and simple, maybe grilled with a little lemon. Mr Renton, along with 23 other Tory Commons colleagues, has just tabled an early-day motion deploring the increasing non-seriousness of Britain's serious press. The result, he says, is that "the general public is not well-informed about major and important issues. The European issue is clearly one of these".

What he means of course (a benign and determined non-sceptic) is that the Conservative broadsheets are sinking too deep in Euro-bile for his taste or our sanity. Amen to that. But political analysis and political information stem from political debate:

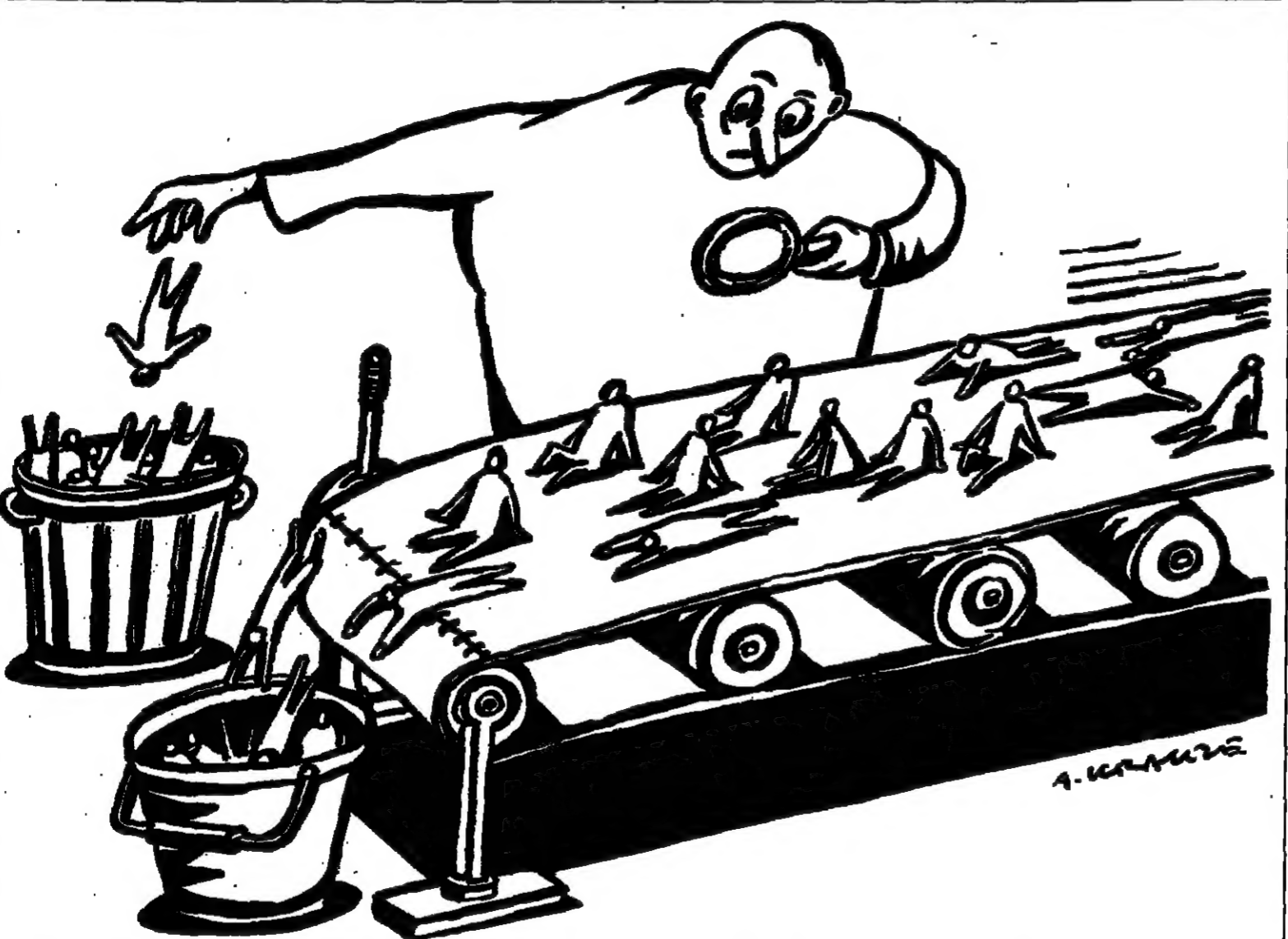
which is where the trouble started and headily continues. Why, for instance, wasn't Renton on his feet in the House on Wednesday night saying a kind word or two for quota hoppers? Some words, an adjective and a noun in conjunction, come with an automatic curl of the lip attached. Try "gun lobby". Or "child molester". Or, now, quota hopper. Twenty MPs spoke in that fishing debate. Not one of them had anything but hopping madness to disgorge. In short form: Britain is apparently being asked to cut its fishing fleet — "in parts" — by "up to" 40 per cent. (The qualifying phrases in quotes are those used by Tony Baldry, the relevant agriculture minister; they are not, of course, suitable headline material.) Meanwhile, it has been floridly discovered that 150 or so ex-British boats, with their catch quotas, have been bought up by Dutch and Spaniards. In "some" fishing sectors (no another great disappearing qualification) that can be as much as 20 per cent of what's available. Mr Baldry puffily denounces "a crazy situation that cannot be allowed to continue". Let's strip that down. The European Union,

you may remember, is a single market. That is what Mr Baldry's Government says it wants: a free market in goods, manpower and services. If, after the election, a jobless Baldry wishes to retire and grow tulips in Holland, wine in France or oranges in Spain, he can do so without Brussels let or hindrance. And, given the beneficence of the CAP, he'll collect EU and national subsidies along the way. If he wants to run a bar in Torremolinos or a croissant factory in Toulouse, the right and entitlement arrives even more simply. It would be intolerable if it didn't — and Whitehall would be the first to say so. Fish is a bit different, but only a bit. The difference — by common consent — is that there are too many boats chasing too few fish. If there are no catch restrictions, there will shortly be no fish left to catch. The precise Canadian blind. Therefore limits have to be set: quotas, another word for rationing. Harry Lime knew all about oceans. They can be captured, or they can be sold. They are a secondary form of currency. In the old EU days of milk scarcity, milk quotas were bargained between in-

terested parties for cash. But now fish is the only suitable case for such treatment. If a country has a catch quota, and that quota is vested in a designated fleet of vessels, then it can be sold as easily as a bar in Amsterdam. Nothing illegal, nothing underhand. Single marketers, applying their own principles, would surely not have it any other way. Unless, of course, they were MPs for fishing constituencies or ministers in a very fishy Government. Nobody, on Wednesday night, asked the one, inescapable question. If the Dutch and the Spaniards have shamefully bought 150 of "our boats", who sold them in the first place? Inescapable answer: we did. Our gallant protesting lads did the deal and banked the cheques. The "quota hoppers", in reality,

If there are no catch restrictions, there will shortly be no fish left to catch. The precise Canadian blind

are willing buyers from willing sellers — who then round and manage to their Members. Were Mr Baldry actually to deal with this "crazy situation", they'd be organising quayside demos declining to give the money back. And the true situation, on examination, becomes crazier still. The average British trawler is 25 years old. Antique by European standards. Countries which take fishing



Don't blame the genes

Steve Jones argues that a combination of idle reporters and arrogant scientists has fuelled an unnecessary public fear of genetic manipulation

THE left has an impressive ability to lie to itself. When faced with facts that conflict with ideology, the easy way out is to deny the facts. This was long the case in economics; but although there are no doubt a few who still regard the New Economic Plan as a betrayal, in general realism has prevailed. There are not many Guardian readers left who believe that Japan did not follow the path pursued by Albania. In science, though, self-delusion is still in charge. For genetics in particular, truths must be disowned because they are embarrassing. Racists are evil people who believe in immutable differences between groups; ergo, no such difference can exist. Crime, as the whole world knows, results from inequality. Any suggestion that biology is involved must be, by definition, wrong. Because Hitler wished to improve the human race by selective breeding, genetics is a Nazi science whose every move is part of a seditious plot. Recently I was asked to write a book on human genetics. It was greeted by barking from both ends of the political spectrum. To some, neglecting to write one's hands the requisite number of times whenever the word "gene" is heard is a heinous crime; to others it is an equal affront to suggest that biology might limit free will. The worst outrage of all is to hint that there is no conspiracy, that research is done to help the afflicted or for curiosity. Public ignorance of what is really going on resides in two complementary facts: the idleness of reporters and the arrogance of scientists. Scientists are notoriously bad at disclosing the truth, but in its futile quest for a hidden agenda that is not there, the press is missing much of the point. Take the question of genetic differences between groups. Much though it might exasperate the Gene Pool Relations Board, such differences exist and I see nothing wrong in using the word "race" to describe them. What is more, the ability to do well in IQ tests runs in families, and American blacks have an average score 15 points lower than do whites. The Edinburgh Buffoon, Chris Brand, recently revived the ancient smear that this must be due to genes and is hence unalterable. Substitute "blood pressure" for "intelligence" and his error is obvious. High or low blood pressure runs in families (indeed, one of the genes involved was isolated this month). In America, middle-aged black men score about 15 points higher than whites. Although the figures are similar to those for IQ, the response is oddly different: racial divergence, most say, is due to the environment — to poor diet or to smoking. This can be (and has been, with much success) changed.

For blood pressure it seems obvious that inheritance within groups is irrelevant to divergence between them; for IQ there is a curious readiness to accept that such differences are due to genes. The evidence on its own supports neither idea (although at least the environmentalists have some experiments to try). All this is more interesting than a sterile debate about who is a racist. Rather than concentrate on Brand's elementary mistake, though, the fuss was about whether his book should be published. Take, too, the "gene for crime". Half the 60,000 genes that make a human being are switched on in the brain. More and more mutations are found that influence behaviour. In one — and only one — Dutch family a single change interferes with nerve transmission. Almost everyone who has it has been in trouble. Schizophrenia, too, often leads to skirmishes with the law. It is now clear that some cases are due to damage to genes. It is only a matter of time before a genetic test is used in court. In the brain, most geneticists have no problem with the research — which, in spite of endless argument about crime as a social construct, is no more perplexing than studying other characters (such as blood pressure or IQ) that involve both nature and nurture. The interesting question, though, is not in the science but in how it is interpreted. It seems natural that an inborn disposition to crime (or, for that matter, to heart disease) should lead to forgiveness. That, though, is not the only possible response. In the 1930s a German geneticist claimed to have found a gene shared by many male homosexuals. The response of the Nazis was simple: sterilise them. That of the German Socialist Medical Association was equally straightforward: homosexuality is not under the control of free will and should no longer be illegal. Whatever their ethical merits, both views make logical sense. In the United States, too, genes are appealed to both in mitigation and in blame. One murderer in Georgia is trying to escape the chair on the grounds that he has an inherited predisposition to crime. In Texas, though, the law has changed to ensure that those who might pose "an enduring threat to society" (that is, those with bad genes) are executed.

AGAIN and again the story is the same. It is not science that is contentious but how it is used. Why should DNA be the only chemical immune from patent protection? It is unfair that genes from cancer patients be taken by vast corporations without donors getting a penny. But the best protection for those with interesting DNA is to get a good lawyer before someone else does; it's not whether the gene should be patented, but who owns the patent. And — in spite of the hype about genetic engineering — the best way to design your baby is still to send him to Eton. The new anti-genetics has an odd resonance from an earlier age when, inflamed by the true faith, Stalin denied the right of the subject itself to exist. So firm was his belief in the primacy of opinion that Lysenko — the scum of Soviet political correctness — was hired to ensure the DNA was abolished. The purge against reality was announced in 1948. What caused hunger

How to make sense of the week's news



Bel Littlejohn

LET'S be clear about this. First, let's examine the job of the columnist with her finger on the pulse of current affairs. The columnist's job is to weave different news strands together and by doing so to knit a comprehensive view of the zeitgeist (love that word). Then she must step back and take a long, hard look at the great big woolly tumpster she has created from this always hectic, often barbaric, loose-fitting thing we call "news". This Friday — and let's face it, Friday is Belday for many millions of readers of this paper we all love — I'm going to start by turning my focus on the Ariane space-rocket disaster. In one swift burst, 11 years of hard graft by international scientists went up in smoke. Has space travel a future? Are we devoting too little time as a nation to harnessing the skills of our young scientists? As Malyru's guest on Start The Week this Monday, I was brave enough to suggest that an answer to this question must surely lie in our attitude to the behaviour of the English soccer team on that Cathay Pacific jet. Unnamed members of the English soccer team caused \$5,000 worth of damage — and this in a week when David Cronsburg's controversial new film Crash depicts, in horrifying detail, the kind of damage that cars can cause to human beings. But what kind of damage can we do to our own bodies? We've got to face up to it. Vogue magazine has come under pressure from advertisers to stop glamorising anorexia by showing photographs of young girls with eating disorders. At the same time a new book claims that the Duchess of Windsor — who once said you can never be too rich or too thin — was a bloke. It makes you think, my god it does, and it becomes all the more pertinent this week, when another discarded Royal Duchess — and here I'm talking about the one-time Sarah Ferguson — has revealed that she is now taking responsibility for her own life under the aegis of her new self-help guru, Michael Rowland. As far as I know, Sarah has yet to comment publicly on the Ariane space-rocket disaster, but if she's heard the news that Tony Blair, the leader of Her Majesty's Opposition, has admitted to smacking his children, then she'll already know that, as many single mothers have already discovered, life is a thing that can sometimes get out of hand. But does this make it any less justifiable for the IRA to refuse to decommission their stockpile of weaponry until an agreed settlement has been reached? I raised this important question on Start The Week with fellow guest Paula Yates, who has been suffering from her very own worries about an agreed settlement in her divorce proceedings with her ex-husband, Bob Geldof. Let's be clear. Paula has strong views on the future of the Northern Ireland peace process, while at the same time remaining sceptical about Sara Thornton's claims that she cannot be held responsible for killing her husband. We are living through an era when, as we saw from yesterday's news, a man is forced to set up a gun in a room in London's Little Venice, but a woman will still be denounced in no uncertain terms by the tabloid press if she finds herself pressurised into taking a knife to her sleeping husband in order to make him less dysfunctional. The scientists tell us that it was this very dysfunctionality in the computers guiding the Ariane space rocket that caused it to explode, scattering the hopes and dreams of hundreds if not thousands of people to the winds. With Princess Diana creating such a stir in the notoriously hard-hearted city of Chicago, now should be the time to examine the Government's paltry record on another type of explosion, namely the explosion in the use of automatic handguns. Will the curfew on 10-year-olds proposed by my good friend Jack Straw really be enough to reduce such repercussions of a violent society as the shocking behaviour we witnessed from the England football team? GAZZA has now become the personification of the zeitgeist, along with Rod Richards MP, Bart Simpson and film star Robert Redford (in town this week). But if Gazza is, as Terry Truly claims, well and truly repentant, and really does intend to do something about improving the quality of air-flight, then the Ariane space project must surely be given a second chance. And so where, if I may be permitted to ask, does this leave Peter Phillips, the son of Princess Anne? Today, he may face questioning by police over a fight with local youths. To his credit, Paddy Ashdown is seeking to reduce the conflict between rich and poor with radical new income-tax proposals. Let us hope that some of this money can be channelled towards a Northern Ireland peace process that will take into account the effect of violent films on the English football team, paving a fresh way ahead for the likes of Sara Thornton and the BBC. Yup, it's as simple as that.

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Finance Guardian

City is wary of political motive for cut in interest rates

'Just the morning for a balloon flight over the City of London, Mr Bradford... And a mortgage rate cut too, Mr Bingley.'



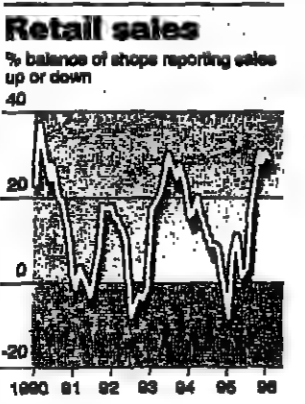
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Economy does the splits

High street sales strongest since 1988

REVIVING housing market and buoyant consumer confidence are fuelling bumper spring sales on Britain's high streets, the Confederation of British Industry said yesterday. Coming on the heels of the surprise decision by the Chancellor, Kenneth Clarke, to cut interest rates from 6 per cent to 5.75 per cent, the CBI's upbeat picture raised City suspicions that the move was inspired by political concerns. Alex Garrard, UK economist at the investment bank UBS, said: "If you take this survey with strong consumer credit it does look as if Clarke is turning to lower interest rates to boost the Government's political fortunes."

points those saying takings were down - slightly less than April's gap of 31 points but still historically high, the CBI said. Retailers said the survey reflected growing confidence that this upturn would last through the summer, unlike the mini-booms of previous years. Ruth Parkhouse, assistant director of the British Retail Consortium, said: "We have seen a definite strengthening of the upturn seen in the new year. People have more money in their pockets because of the budget tax cuts, interest rates are lower and the housing market is on the move." The CBI survey also showed car dealers enjoying a

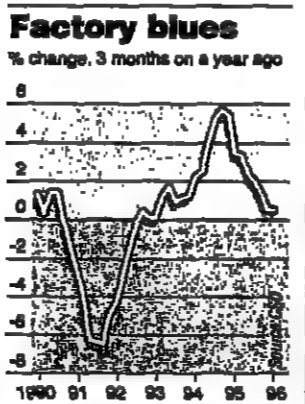


much-needed pick-up in sales last month, although traders still report excessive stocks. Separate figures from the Society of Motor Manufacturers and Traders showed sales at 148,000 vehicles in May, up by 8.5 per cent on the same month last year, following a 17 per cent rise in April. Roger King, SMMT public affairs director, said: "This confirms reports we have been receiving from showrooms that private purchasers are returning to the market." The CBI reported that motor traders were talking on staff to cope with the extra demand. Brick takings on the high street have pushed other retailers into the job market in search of new workers, the Distributive Trades Survey - which covers 457 outlets - reported. The gap between the number of shops expecting to take on staff this month and those planning to shed labour is nine points - the highest figure for more than five years. Retailers were also dusting off investment plans with planned capital expenditure at the highest level since November 1993, the CBI said. But stronger demand is not feeding through into price tags, according to CBI economists who said inflationary pressure was levelling off.

... but the factories still struggle

INDUSTRY moved swiftly to back the Chancellor's quarter-point cut in base rates yesterday, amid growing fears that the recent rise in the pound would exacerbate the problems faced by exporters. Manufacturing has been the Cinderella of the economy since autumn last year, with the need to shed excess stocks and the recession in continental Europe combining to depress output. After rising strongly in 1994, output growth slowed in the first half of 1995 and began to fall towards the end of the year. It has now dropped back to the level of spring 1990, the peak reached just ahead of the recession of the 1990s. In the 17 years since the Government first came to power, manufacturing production has risen by 11 per cent - or around 0.6 per cent a year on average - the weakest record of the leading industrialised countries. However, the modest growth rate disguises wild gyrations, with rapid growth in the mid- and late 1980s between two deep recessions. Factory output now accounts for only a quarter of gross domestic product, but it remains hugely influential for monetary policy. In part, this is due to the fact that manufacturing is much better documented

than the service sector, at 63 per cent of GDP. But in addition, the strong lobby groups on behalf of manufacturing have found an ally in the Chancellor, Kenneth Clarke. As an East Midlands MP, Mr Clarke has made clear that he believes in the need for a strong manufacturing base. Most analysts believe the pick-up in consumer demand should feed down the supply chain and boost fac-



of British industry, said yesterday: "While domestic demand is already improving and we believe will accelerate this year, manufacturing has been held back by weak export demand." In this context the recent strength of sterling has emerged as the factor which tipped the balance in favour of this small adjustment. Ms Barker said the CBI had become keener on a cut in rates over the past fortnight as sterling gained ground, rising to its highest level against the German mark for 15 months. The CBI's downbeat assessment of manufacturing has been shared by other recent surveys, with both the British Chambers of Commerce and the Purchasing Managers' Index (PMI) pointing to falling output and weakening price pressure. The Chancellor used the diminution of factory gate price inflation as one of the main reasons behind the cut. Output prices rose by 8.2 per cent in the year to April, down from 4.5 per cent last summer. This week's PMI reported that, even before the pound's rise, trading conditions in manufacturing were the poorest since September 1992. Kate Barker, chief economist at the Confederation

Notebook

Clarke - test is yet to come



Mark Milner

WHEN his appointment was announced, there were those who raised a quizzical eyebrow at the choice of Kenneth Clarke as Chancellor of the Exchequer. True, said the doubters, he was a robust debater who would be able to confront political critics of the Government in the wake of the collapse of a policy based on membership of the exchange rate mechanism. But did he have the capacity for detail to handle this most complex of briefs? Would his perceived penchant for occasionally shooting from the hip unsettle hypersensitive financial markets? In the event, Mr Clarke has rubbed along pretty well with the City since he moved into No 11 Downing Street in May 1993. His credibility was particularly enhanced a year ago when, in spite of the advice of the inflation hawk in the Bank of England as well as a significant number of economists and commentators, he held out against the idea of raising interest rates. But if Mr Clarke caught the markets on the hop by doing nothing then, he positively stunned them by his decision yesterday to cut rates - the fourth such downward nudge since the Budget last year. It is no bad thing for Chancellors to be able to spring the odd surprise. If big financial players become too sure about the direction of policy, the weight of money placed on the basis of such forecasts can be sufficient to make them self-fulfilling. The Bundesbank didn't get where it is today by playing poodle to the markets. Just as Mr Clarke took the City by surprise by the timing of the cut in borrowing costs, he has left the "eagles scribbled" - as one of his predecessors, Nigel Lawson, characterised the City's economic analysts - divided over his motives. SOME suggest that Mr Clarke's thinking was political. Their argument is that, with consumers spending more, real incomes rising and unemployment falling, there was no need to cut rates. After all, the increased activity in the high streets and the housing market (the Halifax is now expecting prices to rise by 5 per cent this year, rather than 2 per cent) will inevitably feed through into the manufacturing and construction sectors later this year and early next. These critics say the Chancellor has decided to cut rates now to accelerate that improvement and capitalise on it in time for the general election next year. On their calculations, the Bank of England is more likely than not to have seen the Chancellor's de-

cision to cut another one quarter of one percentage point from base rates as an unnecessary risk with inflation. The previous cut in rates was seen as an "insurance policy" against the risk of further slowdown. To extend the analogy, the Chancellor has now doubled his premiums on a diminishing risk. If Mr Clarke was motivated by political considerations, he has reaped an early dividend. The decision of some of the big mortgage lenders to cut home loan costs will underpin the expected recovery in the housing market - itself one of the most important ingredients in the "feel good" factor deemed so essential for electoral success. Other economists suggest that Mr Clarke may have been concerned by the recent strength of the pound on the foreign exchanges and was worried that its rise in value against the currencies of key trading partners would add further to the pressures on Britain's struggling manufacturing base. The travails of manufacturing industry are themselves seen as reason enough for a further cut in rates, although the CBI's slightly muted welcome suggests that many in manufacturing industry reckon a pick-up in demand was already in the pipeline. A more positive assessment would be to take at face value the Chancellor's assertion that the cut does not threaten his inflation target. There is plenty of spare capacity in the economy, enough certainly to allow for several years of above-trend growth without any risk of re-igniting inflationary pressures. Why, then, delay a rate cut? ONE group likely to be among the most wholehearted in its welcome for the rate cut is Mr Clarke's Treasury advisers, who gather at Burnwood this weekend to sketch some early outlines of the next Budget package. They may now be able to feel more confident of getting close to the 3 per cent growth target for the economy, with all that means for tax revenues and their forecasts for the public sector borrowing requirement in 1996/97. That in turn would have implications for the amount of room for manoeuvre Mr Clarke may have to cut taxes. Such considerations, of course, would seem to add strength to those who accuse Mr Clarke of playing politics with the economy. The truth is likely to be more complex. The betting must be that Mr Clarke's motives were a mixture of economic fine-tuning, market opportunism - taking advantage of sterling's only decline in a dash of political calculation. Yesterday was not the real test of Mr Clarke's credibility, of his willingness to put the wider interests of the economy ahead of narrow party politics. That will come if the latest reduction does prove a cut too far and the economic danger signals start to flash in the run-up to the general election. Mr Clarke will then be judged, and rightly, on his willingness to reverse yesterday's decision, whatever the political cost.

Shoppers return to Boots

Retailer spots signs of growth, reports Sarah Whitebloom

EVIDENCE of shoppers spending more was yesterday supported by the Boots chain. "There are growing signs of a recovery in consumer confidence," said chairman Sir Michael Angus after announcing the company's annual results. "This is being reflected in spending within our stores so far this year." Boots, which was unveiling a 6.1 per cent fall in pre-tax profits, saw its share price rise as City brokers warmly welcomed the company's optimistic forecasts. Although also reaching the DIY market, Fads and Do It All, which the firm owns jointly with

WH Smith, suffered last year. After recent reports that Smith's new chief executive, Bill Cockburn, wants to sell the stationary retailer's half share, Lord Blyth, chief executive at Boots, said he "wouldn't speculate on us taking 100 per cent control". He said Boots believed that the value of Do It All would be maximised by the continued pursuit of the present strategy. He conceded that Do It All seemed to provide WH Smith "with rather more difficulties than it does us". In total Boots reported pre-tax profits of £493.5 million compared with £525.6 million last time when a £96.4 million contribution from its former subsidiary Boots Pharmaceuticals was included. The company's chemist chain was the star performer in the financial

year, according to Sir Michael. It turned in sales of £3.1 billion - a 5.6 per cent increase on last year. Sales at Halfords were also ahead - by 3.3 per cent to £390.5 million. Fads and Do It All are involved in rationalisation programmes. Around 28 Fads outlets are closing per year and there are 44 Do It All sites to go. Analysts were disappointed that there was no more significant good news for shareholders. Eighteen months ago Boots bought back £508 million of its shares. The company is now sitting on a sum of about £860 million in cash and it had been hoped that Boots might once again have decided to return some of this to investors. Lord Blyth said that Boots would choose its time for such a decision.

New low for home loans

Mortgages are back to a 1960s level but savers lose, says Teresa Hunter

BRITAIN'S nine million mortgage borrowers can celebrate the cheapest home loans since the mid-Sixties, following yesterday's 0.25 per cent fall in the cost of borrowing. But a return to 1965 interest rates will not be welcomed by savers, who are already suffering painfully low returns. The Halifax, which responded swiftly to yesterday's cut in bank lending interest by trimming its mortgage rate 0.25 per cent to 6.99 per cent, is currently paying just 2.25 per cent net on £4,000 in a 90-day notice account. Savers needing instant access earn only 2 per cent net. Britain's biggest building society was unable to say

when saver returns would start to tumble, but warned that they would have to fall in line with the mortgage rate. Fears about the health of the housing market spurred the Halifax to lower borrowing costs ahead of the summer - traditionally the big house-buying season. Even though house prices are 4.8 per cent higher than a year ago, values could fall again in the autumn - as in 1994 - if the recovery peters out. Halifax's general manager, David Gilchrist, said: "House prices have risen at the top end and in the middle of the market, but there is no sign of any improvement among

What you save

Interest only mortgage assuming a 25-year term

£	£ at 6.99%	saving
30,000	148.55	5.53
50,000	265.05	9.86
70,000	381.55	14.20
100,000	556.30	20.70

cheaper houses in the first-time-buyer range. "Many people who bought in the late 1980s are unable themselves to move because they remain trapped by negative equity. But they may also be acting as a deterrent to their peers and younger generations, who show few signs of wishing to buy." Halifax's new low rate takes effect immediately for new borrowers - but not until August for existing borrowers. Similarly, the Abbey National's new 7.04 per cent rate bites from September 1 for existing borrowers with loans of less than £59,999. Borrowers of £60,000 to £99,999 will pay 6.99 per cent, and loans of more than £100,000 will cost 6.94 per cent. The Bradford & Bingley slashed its rate to 6.74 per cent and the Northern Rock rate fell to 6.99 per cent. The Halifax's rapid response followed signs that the supply of houses coming on to the market was drying up.

Lucas tempted to offer £400m Varty sweetener

Lucas is thought to be considering a £400 million "sweetener" for shareholders if it is forced to defend its Varty bid from rival metal-basher BBA, began a fresh set of presentations yesterday on the virtues of the Varty deal. Jack Fryer, Lucas's direc-

tor of strategic planning, conceded that the aerospace business was not central to making Lucas a "star one" player in the world automotive parts industry. "We will take any action necessary to defend this deal," he said. Stock market sources were cooling on the idea that BBA, whose fortunes have been revived by the buccaneering American Roberto Quarta

over the past three years, would table an offer for Lucas. Brokers stressed that despite the size of BBA - which at £1.2 billion is capitalised at little more than half the market value attached to Lucas - it would have little problem raising the funds for such a leveraged attack. Speculation was growing that BBA might be consider-

ing turning its sights on Varty itself as a means of beefing up its car business, leaving Lucas by the wayside. City analysts saw a ready buyer for Lucas's aerospace business in the shape of TI Group, which would be in a position to augment the work of its Dowty subsidiary for Boeing with Lucas's experience with Airbus in Europe. Sources indicated that the

aerospace division was subject to an abortive management buyout attempt 18 months ago, although Lucas would not confirm this. The aerospace concern is said to have enjoyed a strong profits recovery, leading some to suggest that a merged Lucas/Varty combine might prefer to hold on to the business for a couple of years to strengthen its balance sheet.

News in brief

Blenheim bid seen likely

A takeover bid for exhibition and conference organiser Blenheim Group was widely expected last night after the shares leapt a further 10 per cent yesterday following a 20 per cent rise on Wednesday. United News & Media is the favoured predator, but declined to comment. Blenheim said on Wednesday that it had received an initial approach from an unnamed company.

Salisbury stores sold

Thirty-nine of the 169 Salisbury luggage stores have been sold for an undisclosed sum, saving 280 jobs after Stephen Hinchliffe's retail empire Facia collapsed last week with debts of £30 million. A spokesman for receiver Grant Thornton said the buyer of the 39 stores, which are dotted around the UK, was Sheffield-based Mister Minit which op-

erates shoe repair outlets. The Salisburys trading name has not been sold.

Telecom opening

The Government opened the way for other telecom operators to compete with British Telecom and Mercury Communications in the handling of phone calls arriving in or leaving the United Kingdom. It ended the BT/Mercury duopoly of this part of the international calls business, a move which Ofcom director general Don Cruickshank said would remove a regulatory barrier to full competition in the UK market.

British Energy spur

A discount of 10p a share or a one-for-15 share bonus were announced by the Government yesterday as the incentives for investors in British Energy, the company formed for the flotation of the nuclear industry due to take place next month.

TOURIST RATES - BANK SELLS

Australia 1.09	France 7.7825	Italy 2.246	Singapore 2.13
Austria 14.15	Germany 2.260	Malta 0.475	South Africa 6.58
Belgium 47.14	Greece 35.30	Netherlands 2.5725	Spain 194.50
Canada 2.0225	Hong Kong 11.86	New Zealand 2.2425	Sweden 10.25
Cyprus 0.7005	India 52.5	Norway 9.87	Switzerland 1.875
Denmark 8.51	Ireland 0.9475	Portugal 226.00	Turkey 115.583
Finland 7.1950	Israel 5.07	Saudi Arabia 6.58	USA 1.5100

Supplied by NatWest Bank (excluding India, Nepal and Israel shares).

Barclays managers face huge job cuts

Sarah Whitebloom

THOUSANDS of Barclays bank managers have been told that their jobs are at risk. Managers across the country have been told individually or at group meetings this week that drastic cuts are planned in branch administration. Some were offered redundancy on the spot.

According to the Barclays staff union, Unifi, 30 managers at one meeting were horrified to learn that their numbers were to be reduced to four by 1998.

On a national basis, Unifi said more than 50 per cent of the bank's operations and personal sector managers would lose their jobs, although the union believes that this is a very conservative estimate.

Paul Snowball, Unifi's general secretary, said that the union had been deluged with calls this week from its managerial members. He said: "Some of them just don't know how they're going to go home and tell their families that they may not have a job anymore."

Rob MacGregor, assistant secretary of Unifi, the banking and finance union, said: "We're talking of some of the most experienced managers and clerical staff left in Barclays. It's only the beginning of a new wave of job losses."

Barclays would not give figures for the overall number of managerial job losses it is seeking. In total, the bank said, there were 8,000 managerial level staff in Barclays, but this included managers in

all parts of the UK operation. A bank spokesman did say, however, that the planned cuts were "not a new thing". She maintained that the managers had long known in what direction the bank was moving. "It is part and parcel of our existing programme," she said.

Barclays has cut 21,000 jobs since 1990 and has consistently said that more cuts are planned. The bank declined to give figures yesterday for how many staff were to be cut this year. But Unifi said that more than 2,000 people had already been told they had no future with Barclays.

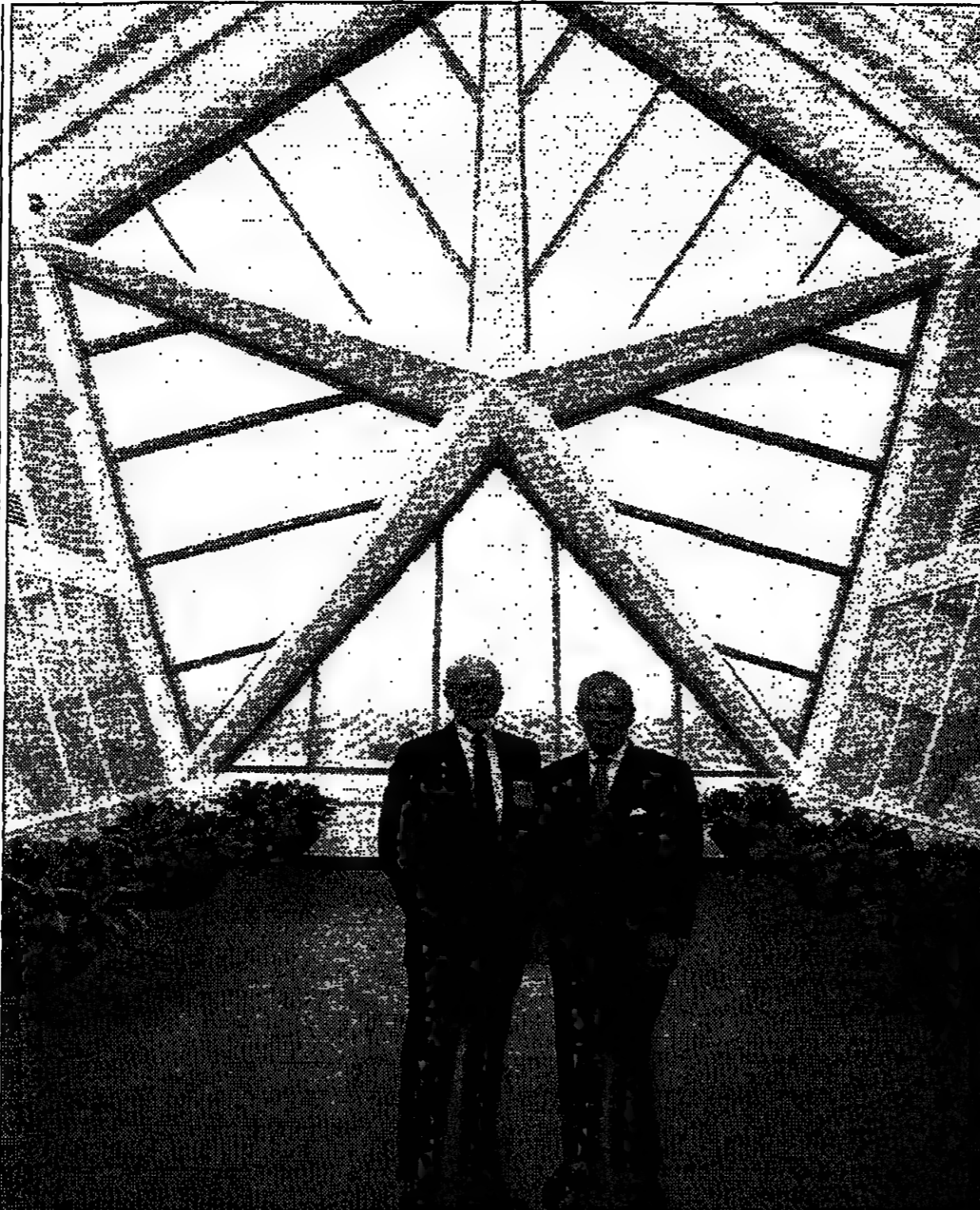
Mr Snowball admitted: "The principle has been known about for some time." But he said that the meetings this week were the first time that managers had been confronted with personal job loss figures.

Bifiu said managers had been given various options at the meetings, including "an exit with dignity".

Barclays said it would be running a retraining programme for affected staff, and it was committed to reducing jobs by voluntary means.

The bank said that despite cuts in behind-the-scenes administrative jobs at branches, more staff would be dealing with customers. In 1995, the bank said, it created 1,000 new customer service jobs.

But Unifi rejected suggestions that customer service would be improved, and Mr Snowball said: "If Barclays can treat operations managers in such a cavalier way, who is next? Where are the ethics in this for a business such as Barclays?"



Room at the top... Chrysler chairman Robert Eaton (right) with Robert Stanley, designer of the carmaker's pentastar logo, on the executive level of the group's \$1.5 billion new headquarters in Michigan. PHOTOGRAPH: CARLOS OCHOA

Results in brief

'Healthy Britain' gives fillip to 3i

EUROPE'S largest venture capital company, 3i, has in its first full financial year as a listed company reaped the benefits of Britain's relative economic strength and a strong regional presence. Ewan Macpherson, chief executive, said: "We have benefited from the strength in the UK of small and medium-sized businesses. The bulk of our portfolio is in businesses that cannot go to the market on their own. The evidence we have is that that part of the economy remains healthy."

The group, which not only provides venture capital but also manages investment funds, increased its net asset value per share from 346p to 426p over the year to March 31. 3i invested some £613 million last year in 554 businesses, compared with £539 million in 586 businesses the year before.

The company said that total return on opening shareholders' funds for the year was 25.4 per cent, against a gain of 25.3 per cent for the FTSE All-Share Total Return Index. Shareholders' funds rose from £2.05 billion to £2.83 billion. — Tony May

Warning from Pilkington

PILKINGTON warned yesterday that it expected its results to continue to be depressed by falls in the price of raw float glass in Europe. After announcing a better-than-expected profit rise of 47 per cent to £212 million — before a £155 million charge for a major restructuring programme — the glass and building materials maker said that falls of up to 30 per cent in the price of raw float glass in Europe had resulted in an 8 per cent reduction in the price of the company's "downstream products" in the European construction market.

The company has an agreement with unions in the US, UK, and Germany, about how to carry out 1,800 job cuts, as part of previously announced reorganisation. The programme is ahead of schedule.

The group was able to limit the impact of the fall in float glass prices to 8 per cent by changing the mix of sales towards higher-margin value-added products, improved efficiencies and price rises. Early indications were that price rises of 8 to 10 per cent in the European construction market had been accepted by customers. — Tony May

Sparky Midlands Electricity

COST-cutting and higher profits from the generation and supply of electricity pushed pre-tax profits at Midlands Electricity up by half to £266.6 million on £1.3 billion turnover.

In its last set of results before being bought by Avon Energy Partners, the joint venture formed by two US utilities, Midlands said profits had also been boosted by the sale of its stake in the National Grid and the absence of losses at the Powerhouse Retail chain. Earnings rose 2.8 per cent to £164.5 million adjusted for exceptional items, Powerhouse losses, Grid dividends and the company's special dividend.

The company said 1,064 staff had left in the two years to last March. The generating business turned in an operating profit of £83 million, compared with last year's £3.3 million loss. Chairman Brian Townsend said the total value returned to shareholders since October 1994 was £778 million.

Avon, owned by General Public Utilities and Cinergy of the US, declared its £1.78 billion offer for Midlands unconditional yesterday. The company speaks for 77.5 per cent of Midlands shares.

Northern Ireland Electricity yesterday announced a 23.7 per cent increase in profits to £107.4 million on £534.7 million turnover. — Chris Barrie

Medeva collects US assets lost in bid defeat

Tony May

MEDEVA, Britain's fourth-largest drug-maker, is paying £250 million to speed expansion in the US by acquiring drug assets from France's Rhône-Poulenc Rorac.

Its purchases include a factory in New York State, formerly the US headquarters of Fisons, and the rights to a clutch of drugs produced there.

These pharmaceutical products generated profits of £9.8 million last year on sales of £84.3 million — something that Bill Bogie, Medeva's chief executive hopes to improve upon.

When Mr Bogie was beaten by Rhône in the bid battle for Fisons, he immediately initiated talks with the victor to try to buy the American plant, which is situated in Rochester.

Rhône, France's largest drugmaker, wanted to sell as part of a debt reduction and product focusing strategy.

Mr Bogie said: "We believe the assets will provide the means for driving strong and sustained organic growth in the US, which is already Medeva's largest market."

The Rochester drugs plant specialises in respiratory, diuretic and appetite suppressant products.

Medeva will also acquire rights to patented technology, which controls the release of active ingredients.

Mr Bogie said the Rochester products fitted Medeva's strategy of building a prescription pharmaceuticals company that was not wholly dependent upon its own research for new products.

"We're talking older products and will be regenerating them and generating savings," he said. "This deal is Medeva's most significant step forward."

He added that the purchase would boost the US share of the group's total sales from 82 per cent to 70 per cent and allow scope for restructuring.

"In short, we're buying technology, we're buying products," he said.

Medeva expects to raise its profits from £28.9 million to £33 million in the six months to June 30 and expects to declare an interim dividend of 1.65p a share, up from 1.40p last time.

He declined to comment on whether any existing jobs would be cut in the US, where the company already employs 1,000 staff. Medeva is to take on another 220 employees with the purchase of Rochester. Mr Bogie added that the group expected to make a £65 million charge against current-year profits for restructuring.

The acquisitions will be part-funded by a conditional placing of 49.4 million new Medeva shares at 220p to raise £108.7 million with the balance being met from Medeva's existing cash balances and borrowing facilities.

Low-profile but proud, Siebe seeks businesses to plug into

OUTLOOK/Pauline Springett on the fortunes of the electronics company

IT IS one of Windsor's lesser known residents. But, unlike its royal neighbours, Siebe appears to have few financial worries — unless you count the dilemma over how to spend its next £100 million.

The low profile of one of Britain's leading electronics and engineering companies is mainly attributable to the products it makes — temperature and appliance controls for large industrial plants do not tend to make household names.

It is also because 83.1 per cent of its sales are outside the UK, nearly half in North America.

Yesterday, Siebe found itself enjoying the City's affections as it unveiled a better than expected set of results. Chief executive Allen Yurko declared he was very proud of the figures and said that the company was on course for another good year.

For Siebe watchers, the main interest centres on the company's acquisition strategy. Short of announcing what it has its eye on, Siebe is refreshingly forthcoming about its plans. It wants to get bigger, which means it will buy more companies.

Simple really, especially when you are generating the sort of cash Siebe does.

A quick glance over the past year shows that Siebe has not been idle in the acquisitions department. The five companies it bought in the financial year to the beginning of April cost around £100 million. They were in various parts of the world, from Brazil to Australia, reflecting Siebe's increasingly global ambitions.

The big buy was the subsequent acquisition of its rival, Unitech. In March Siebe spent £103.1 million on 25 per cent of Unitech.

It is acquiring the balance by offering Siebe shares in exchange. The total cost of the acquisition will be £300 million.

Even by Siebe's increasingly excited standards, that makes the Unitech purchase a big deal and it is going to take Mr Yurko a little longer than the 30 days he has had so far to digest what he has bought.

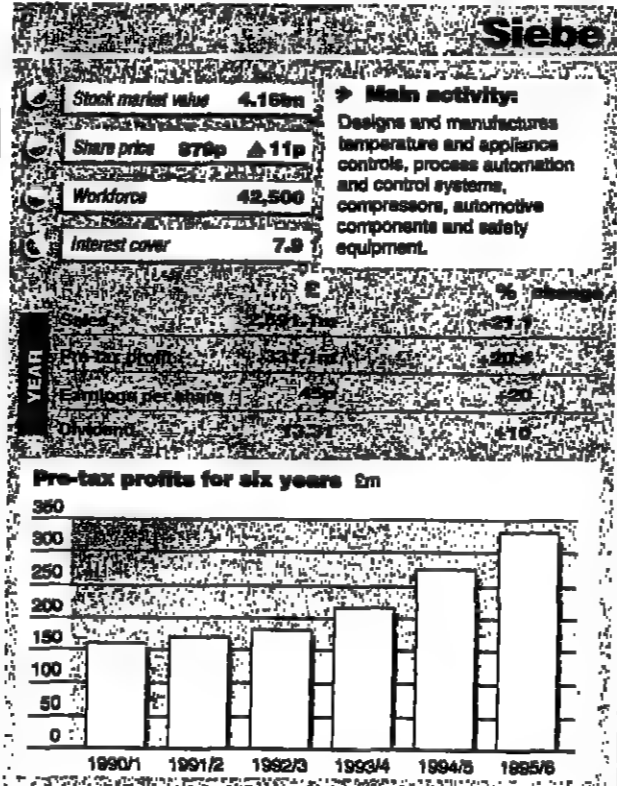
His message to the City was not to panic. Siebe has uncovered no nasty surprises at Unitech and it is determined that it will not dilute earnings when its performance is added into the parent company's figures at the next reporting stage.

Mr Yurko acknowledged that Unitech's semiconductor equipment market had shown signs of faltering with the growth of Far Eastern markets apparently slowing. But he said that Unitech and Siebe were already reaping the benefits of being able to sell to each other's markets.

So what is next on Mr Yurko's shopping list? The targets are, he said, likely to be in the £25 million — £50 million range, bringing the total spending for this year, excluding Unitech, to around £100 million. But he insisted that Siebe was not about to become an impulse shopper.

He said: "They (the purchases) will have to fit. They will really have to bring something to the party. We don't have to do anything."

Mr Yurko was at pains, indeed, to stress that the party was already going with a



swing, as he rattled off a string of statistics for the various divisions — sales, profits before tax, organic growth — most of which showed tidy rises.

There was the merest hint of anxiety over the margins. Overall, there was a 14.3 per cent margin, compared to last year's figure of 14.4 per cent. But, Mr Yurko said, acquisitions had the tendency to depress the overall margins slightly.

He said it generally took three to four years for Siebe to pull the margins of a new purchase up to the company standard of 14 per cent.

Mr Yurko stressed that two of its five divisions — compressed air and mechanical engineering — were already showing signs of rebounding nicely, while the other three — control systems, temperature and appliance controls, and north safety products, were holding their own.

Although Siebe gave itself a very public pat on the back for its performance, its management did acknowledge that part of the reason for its optimism about the current year — it is looking for a 10 per cent rise in sales — was that the economy in its all important US market is much more buoyant than it had expected.

\$1 bn firm to fund phones for poor

It's good to talk for gross national product. Nicholas Bannister reports

A SMALL group of financial institutions, including NatWest, is investing in a company which will raise more than \$1 billion (£670 million) to fund telecom projects in developing countries.

WorldTel plans to encourage the building of telecom networks in areas where big commercial operators have been reluctant to invest.

Sam Pitroda, the Indian-born, self-made telecom millionaire who chairs WorldTel, said it would invest only in projects involving more than one million new phone lines, and that the technology was likely to be digital and wireless-based.

WorldTel is the brainchild of the International Telecommunications Union, the United Nations body which has 135 countries and more than 400 telecom companies as members. It is being set up as an independent commercial company with no ties to any particular firm, and with the aim of delivering a commercial return to investors of between 20 and 25 per cent.

Institutions including NatWest, GE Capital, American International Group and three Kuwaiti financial groups have agreed to invest \$10 million seed capital in WorldTel.

Mr Pitroda said the first three projects should be identified within the next six months, with the main fund-raising starting in the first quarter of 1997.

He said there were about 650 million phone lines in the world, 85 per cent of them in advanced countries, and more than four billion people without phones. The number of lines was expected to double over the next 10 years. WorldTel hoped to help fund the creation of up to 30 million new lines.

Many of these would be in rural areas and would include village or community phones. A single phone, he said, added about \$2,000 to GNP in countries with per-capita GNP of about \$1,000.

WorldTel will help design the projects, bringing in appropriate operators and equipment manufacturers at the local level.

The CO-OPERATIVE BANK

BASE RATE CHANGE

With effect from Friday 7th June 1996, Co-operative Bank Base Rate changes from 6.0% p.a. to 5.75% p.a.

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Trafalgar accuses rival of industrial espionage

Dan Atkinson

POLICE may be asked to investigate allegations of industrial espionage made by the Trafalgar House conglomerate against Austrian civil engineering group Voest Alpine Industrieanlagenbau.

Trafalgar last week executed civil search warrants against VAI's offices in Poole and claims to have recovered computer discs and thousands of documents containing information stolen from Davy International, Trafalgar's process-plant subsidiary.

The so-called Anton Pillar orders were used also to search the homes of VAI UK managing director Roy Tazzyman and Graham Howe, a sales and marketing employee currently serving out his notice at Davy. The houses raided were in the Poole area, as is the Davy office at which Mr Howe is working. Mr Tazzyman was until September, chief executive of Davy International, but left in the wake of mounting losses. He was subsequently recruited by VAI UK.

Trafalgar, now owned by Norwegian shipbuilder and engineer Kvaerner, said yesterday it has begun civil proceedings in the High Court against VAI UK, Mr Tazzyman and Mr and Mrs Graham Howe. Mrs Howe has never been a Davy employee.

Asked if criminal proceedings were likely, Trafalgar would say only that it was "pursuing other avenues". A spokesman added that the loss of sensitive commercial material to VAI had harmed Davy's ability to compete for contracts.

informative:

First Direct Base Rate

With effect from 6 June 1996, First Direct Base Rate has been reduced by 0.25% to 5.75%

HomeOwner Reserve

With effect from 6 June 1996, the HomeOwner Reserve rate has been reduced by 0.25% to 12.00% p.a. (APR 12.4%)

first direct

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NOTICE TO CUSTOMERS

NEW INTEREST RATE

With effect from 6th June 1996 our Base Rate has been reduced by 0.25% to 5.75% p.a.

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Racing

Lady Carla to ring up Oaks victory

Ron Cox expects Pat Eddery to initiate a classic weekend double for Henry Cecil

LADY CARLA can answer Pat Eddery's call in the Vodafone Oaks at Epsom today to set up a classic weekend double for trainer Henry Cecil, who is strongly represented in tomorrow's Derby with Dushyantor, the anti-post favourite, Storm Trooper and Clever Cliche.

Pricket, trained last season by Cecil and a full sister to the stable's 1998 Oaks winner Diminundo, has dominated the betting ever since her emphatic five lengths victory at Newmarket.

Stoute had to accept defeat with Dr Massini yesterday, and the colt was taken out of the Derby after succumbing to another bout of lameness. He is expected to recover in time for a tilt at the Irish Derby at the end of the month.



Hot favourite... Pricket has been strongly supported to give Godolphin their third successive Oaks victory

SPORTS NEWS 13

Big race field Chan 4

Table listing race details for the Vodafone Oaks, including horse names, jockeys, and odds.

Rest of Epsom card

Table listing other races on the Epsom card, including the 2.15 Vodafone Conditions Stakes and the 3.20 Vodafone Maiden Stakes.

Goodwood tonight

Table listing racing programs for Goodwood on June 7, 1996, including race times and names.

Catterick

Table listing racing programs for Catterick on June 7, 1996, including race times and names.

Haydock tonight

Table listing racing programs for Haydock on June 7, 1996, including race times and names.

Channel 4

Table listing Channel 4 racing coverage, including race names and start times.

3.00 THREE KILTS HANDICAP 1m 10cs

Table listing horses and jockeys for the 3.00 Three Kilts Handicap.

3.30 RALL AND COMPANY BUILDING MATERIALS SUPPLIER CLAIMING STAKES 7m 10cs

Table listing horses and jockeys for the Rall and Company Building Materials Supplier Claiming Stakes.

9.00 GEORGE STUBBS HANDICAP OF 40cs

Table listing horses and jockeys for the George Stubbs Handicap.

4.15 BELL HILL APPOINTMENTS MAIDEN STAKES 7m 10cs

Table listing horses and jockeys for the Bell Hill Appointments Maiden Stakes.

4.45 SOUTH CORNER HANDICAP OF 40cs

Table listing horses and jockeys for the South Corner Handicap.

5.15 MATHIAS PRINCE HANDICAP 1m 10cs

Table listing horses and jockeys for the Mathias Prince Handicap.

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5.45 WINDRICE MAIDEN STAKES 7m 10cs

Table listing horses and jockeys for the Windrice Maiden Stakes.

9.15 MATTHEW PRINCE HANDICAP 1m 10cs

Table listing horses and jockeys for the Matthew Prince Handicap.

5.15 WOODBON HANDICAP 7m 10cs

Table listing horses and jockeys for the Woodbon Handicap.

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Table listing horses and jockeys for the Windrice Maiden Stakes.

5.15 WOODBON HANDICAP 7m 10cs

Table listing horses and jockeys for the Woodbon Handicap.

'Non-runner' wins at 5-1

LIONEL EDWARDS, announced a "doubtful" runner by the Paul Cole stable on Wednesday night, made it to Goodwood yesterday's Albert Auction Stakes at 5-1.

Perth National Hunt runners

Table listing Perth National Hunt runners, including horse names and jockeys.

Results

Table listing race results, including horse names, jockeys, and winning odds.

OS: Who beat Germany 9-0 in 1909?

Advertisement for a ticket to watch the match between England and Germany.

Goodwood

Table listing Goodwood racing results and details.

Channel 4

Table listing Channel 4 racing coverage and details.

Goodwood

Table listing Goodwood racing results and details.

Tennis

Novotna cracks on baked clay

Stephen Barley in Paris

THE Roland Garros faithful have been denied their favorite tennis match...

anything. She just runs around the court and gets the ball back. Novotna said afterwards...

to give Graf a tough fight. She recently won the Italian Open in Rome and had maintained her good form here...

Novotna's inconsistency soon doused them; she had her chances but was simply incapable of playing the tail-end of a set...

Stress and apprehension whirled around Novotna's head at the best of times, trailing clouds of self-doubt and conspiracy...

It was obvious from the start yesterday that she was straining every brain cell to stay calm, cool and collected...

Not that the Spaniard was playing very well. Novotna's game was littered with unforced errors and when she briefly left the court after the first set...

Trouble courts Capriati again

JENNIFER CAPRIATI is in trouble again. A complaint of assault and battery has been made against the 20-year-old former prodigy...

County Championship

Leicestershire v Kent
Sanford expert, Simmons exotic
Edward Stanford, that most English-sounding of cricketers...

Somerset v Warwickshire

Caddick pounds away but Penney turns heads
David Foot at Taunton
That single-minded pursuit of Somerset captain John Daniel never, on principle...

Essex v Lancashire

Elevated Grayson does his best
Andy Wilson at Chelmsford
It was not a good day for Peter Martin, but it could have been much worse...

Wales turn to Williams

STEVE WILLIAMS, the Welsh No. 1, is to place in the Wales team to face Australia in the first Test at Ballymore tomorrow...

Other matches

Leicestershire v Northamptonshire
Gloucestershire v Northamptonshire
Berkshire v Warwickshire

Scoreboard

Table listing various cricket matches and scores, including Leicestershire v Kent, Somerset v Warwickshire, Essex v Lancashire, and others.

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Vaughan valiant as Surrey debutant tackles Yorkshire

THE 18-year-old Surrey seamer Ben Hollocks debuted with an impressive performance against Yorkshire...

Crucial blow when he deceived Bevan...

crucial blow when he deceived Bevan, who mistimed a pull to be comfortably caught at mid-on...

Worshipful of Warwickshire

Warwickshire had lost two wickets by the seventh over. Khan parted company with his leg stump via an inside edge while Oxtier perished to a low catch at third slip...

Nottinghamshire's Chris Tolley dropped...

Nottinghamshire's Chris Tolley dropped both batsmen before they went on to a third-wicket partnership of 191 in which Tolley produced 61 over six hours...

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Rugby League

Super League set back

Paul Fitzpatrick

IT SEEMS certain that Super League will not get underway in Australia this season after a court in Sydney yesterday declared a decision on Rupert Murdoch's appeal against a judgment outlawing the setting up of the competition until 2000...

Wales turn to Williams

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SportsGuardian

INDIA'S PROFLIGATE BATSMEN CRUMBLE TO CORK

England v India: First Test, first day

England's opportunity knocks

Mike Selvey at Edgbaston

BOWLING that was functional but flattered by dismal Indian batting and catching that, with one glaring early exception, was efficient and at times spectacular put England in charge of a Test match for the first time since the eventual wash-out at Centurion Park seven months ago in South Africa.

Table with cricket statistics: INDIA, First Innings, Player, Runs, Wickets. Includes names like Ranjiv, Tendulkar, Prasad.

Table with cricket statistics: ENGLAND, First Innings, Player, Runs, Wickets. Includes names like Atherton, Gooch, Cook.

All the England seamers took wickets: four going, inevitably, to Dominic Cork, three to Alan Mullally after a 10-over wait for his first, a pair to Chris Lewis and one to Ronnie Irani from his fifth ball.

Min Patel, the third England debutant, after Peter Martin and John Crawley were omitted from the original 15, bowled just two overs when the tail was becoming irksome. He will hope for more work second time around on a wearing pitch.

Having won a good toss, India were pressurised certainly, but contributed to their own



Kumble tumbles... Atherton snaps up India's No. 8 in the gully to give Cork the third of his four wickets

PHOTOGRAPH: FRANK BARON

downfall with a spate of rash strokes and a lack of the sort of application that helps build Test innings. Rathore, Manjrekar — troubled by an ankle injury that interrupted his innings — Tendulkar, Mongia and the two tallenders, Srinath and Mhambrey, all moved into the twenties, but only Srinath, at No. 9, went beyond. He hit nine boundaries and top-scored with 32; you could have got pre-match odds of 100-1 on that happening.

The smell of burning effigies may have been lingering in the Indian air this morning. But it is hard to blame the Indian players, out of hand. In the pursuit of one-day cricket and the revenue it brings to their board, they have played just three Tests, against New Zealand, in 18 months as against 34 one-day internationals.

There was some glorious close-catching and out-cricking too. Knight took three catches, one of them a stunning effort at shortish mid-wicket to see the end of Asharuddin as he clipped Irani's half-volley ferociously off his toes. Atherton clung on to a couple of blunders in the gully and Thorpe took a couple nonchalantly at first slip.

returned later to remove Kumble and cleaned up the last man, Prasad, with the first ball of yet another spell. Mullally and Lewis lent the attack variety, with Lewis, on his return, given the first over — a good psychological move — and taking the first wicket. The occasional ball smacked into Jack Russell's gloves and he kept a steady line. The trick will be to turn his fiery deliveries into fiery overs.

Swiss are going blind into their Wembley opener

SWITZERLAND, long shots for Euro 98, will go blindly into the opener with England tomorrow after rejecting the chance to train at Wembley, writes Russell Thomas. Arthur Jorge, Switzerland's manager, was infuriated that his squad could

not work out at Wembley yesterday and rejected the FA's invitation to train there this afternoon. "We will not bother now," said Jorge. "It would take up to four hours to travel to Wembley and back from our hotel and that is too much on the day before a game."

from November and we will cope." England won 3-1 then. Now, warns Jorge, the pressure on the hosts is so much greater. "All the expectation will be on them and I think they may fear something like a national revolution if they don't win."

Tendulkar is tried but not fully Tested



David Hopps

IN INDIA he was called Sachin The Unbowable. It became a simple matter of faith, as the child on a first visit to a fairground believes absolutely in The World's Strongest Man. Yet today India must realise that they are risking the fulfilment of an outstanding sportsman.

Every Tendulkar innings used to be measured in India like the Egyptians once rated their wine — either "good", "good good" or "good good good". But India, a land where anything of any worth is normally treasured, has been careless of its wondrous talent.

Tendulkar has played so little Test cricket recently that until yesterday he had scored fewer runs in the last 18 months than Devon Malcolm. It is also a fair bet that he had scored them less exhilaratingly, lacking Malcolm's penchant for the full-blooded myopic whirl.

Short-sightedness is assuredly a charge that can be levelled against the Indian cricket authorities as they have become so obsessed with the candy-floss culture of one-day cricket that Test cricket has been virtually overlooked. Tendulkar has played three Tests (and four innings) in the same period that England's Michael Atherton and Australia's Mark Waugh have played 15.

would take something special to dismiss Tendulkar this summer, something a few scales above the commonplace delivery from Cork that flew between bat and pad as the batsman sought his favourite leg-side shot. Chris Cairns's slower ball wreaked similar havoc in his previous Test in Chandigarh.

He has excused a growing tendency to play across the line by referring to "a floating technique" but it would be a pity if circumstances turned it into a sinking one.

The only satisfactory solution has been advocated before: an official league table for Test cricket, drawn up perhaps over a four-year period, which would leave each team duty bound to fulfil so many fixtures against the other eight Test nations.

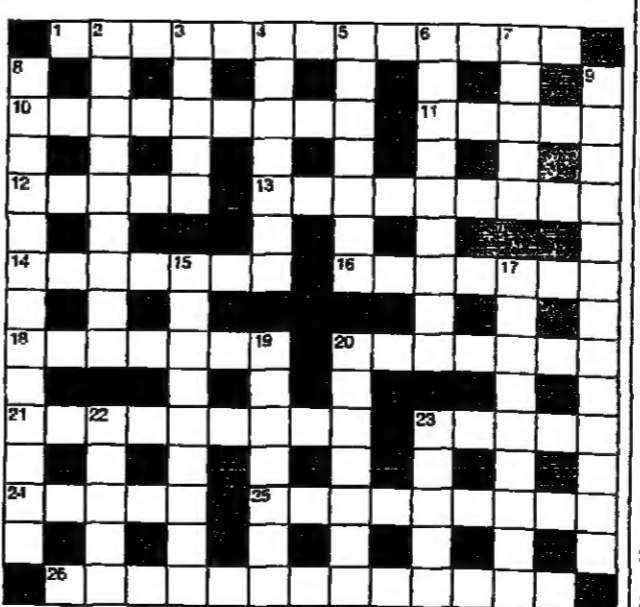
Much has been made of its fairness to emerging teams such as Sri Lanka, but Tendulkar's fate reminds us that individuals have also been poorly treated. He is capable of surpassing Gavaskar as India's most prolific Test batsman of all time — though one would not bet on it as he has barely had a chance to reach 2,500 runs.

IF YOU feel the urge for a flutter, you can bet on almost anything these days. Ladbrokes' offer of 100-1 against Javagal Srinath becoming India's top scorer — which seemed a mug's bet if ever there was one — had caused a few rueful shakes of the head by mid-afternoon. The most whimsical bet, though, has been dreamed up by Sporting Index, a spreadsheeting firm. They have devised the "Mike Atherton Dot-Ball Index", a calculation of how many balls the England captain will face during the series without scoring. They set the range between 380 and 385 and most bets have forecast that the figure will be higher.

Perhaps this illustrates the conviction that Atherton will make a stack of runs. Otherwise the vision of Atherton endlessly patting the ball back down the wicket in the cause of duty is yet another indicator of our national pessimism. Here we are entering another Great British Summer of Sport, The Epsom Derby and Wimbledon are round the corner. Faldo is prowling the greens and a bulky plethora of Euro 98 supplements is straining the backs of every paperboy and girl in the land. And the English cricketing public is eagerly calculating how many times nothing much will happen when an Indian bowls to Michael Atherton. No wonder the Americans are mystified by the whole thing.

Guardian Crossword No 20,673

Set by Custos



CROSSWORD SOLUTION 20,673
7 Extortion in American underground's first railway (5)
8 Insufficiently available, briefly, in a flexible manner (2,5,6)
9 Fruit not served up before chicken? It's something in the atmosphere (8,5)
10 George presenting gold to religious group (9)
11 American squirrel a girl found sitting on a tall grass mostly (8)
12 Incentives may be distorted to limit us (7)
13 Disturbed sea I'd encountered initially in voyage (4-3)
14 Hot in foreign resort? That's a suitable condition in life (5)
15 Was an artist's model, it's asserted (5)

Across

- 1 A bath splashing toes, flowing out where fit is contained (7,8)
- 10 It's a blow, and not something to celebrate (3-6)
- 11 The Yorkshireman's remnant may win a trick (5)
- 12 Expression of dissatisfaction and dependency at hospital (5)
- 13 King and Queen, say, or three cards of the same denomination (4-5)
- 14 Plant with its exploding? Discipline once more needed (7)
- 16 Style of tonsure makes draught start to circulate in shack (7)
- 18 Extensive cloud begins to travel westward around Uruguay (7)
- 20 A small number is clear of all charges, but getting back strain (7)

Down

- 2 Human membrane shuddering at a murder (4,5)
- 3 Cook gets to intrude on another's preserves (5)
- 4 Position among those voting against turning up is attacked (3,4)
- 5 On the caustic side? This is unusual about drawing, etc. (7)
- 6 Blissfully happy, spreading run, annoyed by the devil (9)

Solution tomorrow

27 Stuck? Then call our solutions line on 0891 336 226. Calls cost 39p per min, cheap rate, 49p per min at all other times. Service supplied by ATS.

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